



GDS
Global Limited

GDS GLOBAL LIMITED

(Company Registration No.: 201217895H)
(Incorporated in the Republic of Singapore on 19 July 2012)

UNAUDITED HALF-YEAR FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2014

GDS Global Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 April 2013. The initial public offering (“IPO”) of the Company was sponsored by CIMB Bank Berhad, Singapore Branch (the “Sponsor”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Benjamin Choy, Director, Corporate Finance. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone (65) 6337 5115.

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease) %
	Six months ended 31.03.14 S\$'000	31.03.13 S\$'000	
Revenue	12,479	5,803	115.0
Cost of sales	(6,121)	(3,207)	90.9
Gross profit	6,358	2,596	144.9
Other operating income	343	272	26.0
Marketing and distribution expenses	(418)	(317)	31.4
Administrative expenses	(2,679)	(2,067)	29.6
Other operating expenses	(94)	(104)	(10.1)
Investment revenue	8	- ⁽¹⁾	n.m. ⁽²⁾
Other gains and losses	6	20	(70.8)
Finance costs	(4)	(11)	(65.6)
Profit before tax	3,520	389	805.1
Income tax expense	(495)	(157)	214.0
Profit for the period	3,025	232	n.m. ⁽²⁾
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(11)	(12)	(3.5)
Other comprehensive loss for the period, net of tax	(11)	(12)	(3.5)
Total comprehensive income for the period	3,014	220	n.m. ⁽²⁾
Profit (Loss) attributable to:			
Owners of the Company	3,133	271	n.m. ⁽²⁾
Non-controlling interests	(108)	(39)	174.1
	3,025	232	n.m. ⁽²⁾
Total comprehensive income (loss) attributable to:			
Owners of the Company	3,126	260	n.m. ⁽²⁾
Non-controlling interests	(112)	(40)	176.3
	3,014	220	n.m. ⁽²⁾
Basic and diluted earnings per share (cents)	2.80	0.27	933.5

Notes:

- (1) Amount less than S\$1,000.
 (2) n.m. denotes not meaningful.

1(a)(ii) Notes to consolidated income statement

Profit for the period has been arrived at after crediting (charging):

	Group		Increase/ (Decrease) %
	Six months ended 31.03.14 S\$'000	31.03.13 S\$'000	
Other operating income:			
Rental income	189	188	0.5
Sundry income	154	84	83.3
	<u>343</u>	<u>272</u>	<u>26.0</u>
Investment revenue:			
Interest income from bank deposits	8	-(⁽¹⁾)	n.m. ⁽²⁾
Interest expenses	(4)	(11)	(65.6)
Depreciation of property, plant and equipment	(131)	(145)	(9.4)
Amortisation of intangible asset	(47)	(47)	-
Net foreign exchange gains	6	20	(70.8)
Impairment loss recognised on trade receivables	(11)	-	n.m. ⁽²⁾

Notes:

- (1) Amount less than S\$1,000.
 (2) n.m. denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	31.03.14	30.09.13	31.03.14	30.09.13
	As at	As at	As at	As at
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	6,131	4,568	2,270	1,164
Trade and other receivables	7,273	6,398	1,070	3,030
Inventories	2,919	2,739	-	-
Total current assets	16,323	13,705	3,340	4,194
Non-current assets				
Property, plant and equipment	1,438	1,095	-	-
Intangible asset	1,407	1,455	-	-
Subsidiaries	-	-	2,350	2,350
Pledged bank deposits	1,000	1,000	-	-
Total non-current assets	3,845	3,550	2,350	2,350
Total assets	20,168	17,255	5,690	6,544
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowings	-	183	-	-
Trade and other payables	3,230	2,899	106	223
Current portion of finance leases	11	20	-	-
Income tax payable	490	1	4	-
Total current liabilities	3,731	3,103	110	223
Non-current liabilities				
Finance leases	-	3	-	-
Deferred tax liabilities	339	281	-	-
Other payables	23	23	-	-
Total non-current liabilities	362	307	-	-
Total liabilities	4,093	3,410	110	223
Capital, reserves and non-controlling interests				
Share capital	5,245	5,245	5,245	5,245
Reserves	10,723	8,381	335	1,076
Total equity attributable to owners of the Company	15,968	13,626	5,580	6,321
Non-controlling interests	107	219	-	-
Total equity	16,075	13,845	5,580	6,321
Total liabilities and equity	20,168	17,255	5,690	6,544

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	As at 31.03.14		As at 30.09.13	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	11	-	180	23
Amount repayable after one year	-	-	3	-

Details of any collateral

As at 31 March 2014, secured borrowings comprised of financial leases of S\$11,000 (30 September 2013: S\$23,000) which are secured by the lessors' title to the leased motor vehicles.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Group	
	Six months ended	
	31.03.14	31.03.13
	S\$'000	S\$'000
Operating activities		
Profit before tax	3,520	389
Adjustments for:		
Interest income	(8)	_(1)
Finance costs	4	11
Depreciation of property, plant and equipment	131	145
Amortisation of intangible asset	47	47
Operating cash flows before movements in working capital	3,694	592
Inventories	(180)	(652)
Trade and other receivables	(885)	(1,185)
Trade and other payables	331	702
Cash generated from (used in) operations	2,960	(543)
Income tax refund (paid)	52	(1,081)
Net cash from (used in) operating activities	3,012	(1,624)
Investing activities		
Purchase of property, plant and equipment	(474)	(135)
Interest received	8	_(1)
Net cash used in investing activities	(466)	(135)
Financing activities		
Repayment of bank borrowings	(183)	(264)
Repayment of obligations under finance leases	(12)	(14)
Interest paid	(4)	(11)
Dividends paid	(784)	-
Proceeds from issue of ordinary shares	-	600
Capital contribution from non-controlling interests in a subsidiary	-	286
Net cash (used in) from financing activities	(983)	597
Net increase (decrease) in cash and cash equivalents	1,563	(1,162)
Cash and cash equivalents at beginning of period	4,568	2,350
Cash and cash equivalents at end of period	6,131	1,188

Note:

(1) Amount less than S\$1,000.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

The Group	Share capital S\$'000	Translation reserve S\$'000	Capital reserves S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 October 2013	5,245	(1)	277	19	8,086	13,626	219	13,845
Total comprehensive income (loss) for the period								
Profit (loss) for the period	-	-	-	-	3,133	3,133	(108)	3,025
Other comprehensive loss for the period	-	(7)	-	-	-	(7)	(4)	(11)
Total	-	(7)	-	-	3,133	3,126	(112)	3,014
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(784)	(784)	-	(784)
Balance at 31 March 2014	5,245	(8)	277	19	10,435	15,968	107	16,075
Balance at 1 October 2012	1,880	6	277	19	6,360	8,542	-	8,542
Total comprehensive income (loss) for the period								
Profit (loss) for the period	-	-	-	-	271	271	(39)	232
Other comprehensive loss for the period	-	(11)	-	-	-	(11)	(1)	(12)
Total	-	(11)	-	-	271	260	(40)	220
Transactions with owners, recognised directly in equity								
Issue of share capital	600	-	-	-	-	600	-	600
Capital contribution from non-controlling interests in a subsidiary	-	-	-	-	-	-	286	286
Total	600	-	-	-	-	600	286	886
Balance at 31 March 2013	2,480	(5)	277	19	6,631	9,402	246	9,648

The Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 October 2013	5,245	1,076	6,321
Transactions with owners, recognised directly in equity			
Dividends	-	(784)	(784)
Total comprehensive income for the period			
Profit for the period	-	43	43
Balance at 31 March 2014	<u>5,245</u>	<u>335</u>	<u>5,580</u>
Balance at 1 October 2012	1,880	(33)	1,847
Transactions with owners, recognised directly in equity			
Issue of share capital	600	-	600
Total comprehensive loss for the period			
Loss for the period	-	(265)	(265)
Balance at 31 March 2013	<u>2,480</u>	<u>(298)</u>	<u>2,182</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital since the end of the previous period reported on and there were no outstanding convertibles or treasury shares held by the Company as at 31 March 2014 and 31 March 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>No of ordinary shares</u>	
	31.03.14	30.09.13
Total number of issued shares excluding treasury shares	<u>112,000,000</u>	<u>112,000,000</u>

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as its most recently audited financial statements for the financial year ended 30 September 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to the Group and effective for the financial period beginning on 1 October 2013. The adoption of these new and revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (a) based on the weighted average number of ordinary shares on issue; and**
- (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

Earnings per Share ("EPS")

	Group	
	Six months ended	
	31.03.14	31.03.13
Profit attributable to owners of the Company (S\$'000)	3,133	271
Weighted average number of ordinary shares ('000)	112,000	100,000 ⁽¹⁾
EPS - Basic and diluted (cents)	<u>2.80</u>	<u>0.27</u>

EPS is calculated based on profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue.

Note:

- (1) For comparative purpose, the issued and paid up share capital of the Company as at 31 March 2013 of 100,000,000 ordinary shares is assumed to have been in issue throughout the entire six months ended 31 March 2013.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
- current financial period reported on; and
 - immediately preceding financial year.

Net Asset Value (“NAV”)

	Group		Company	
	As at		As at	
	31.03.14	30.09.13	31.03.14	30.09.13
NAV per ordinary share (cents)	14.26	12.17	4.98	5.64
Number of ordinary shares used in computation of NAV per ordinary share ('000)	112,000	112,000	112,000	112,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:**
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group’s Income Statement

Revenue

The Group typically experiences a fluctuation in revenue contribution from its customers from period to period due to the project based nature of its business. Such projects differ in their scope and size and are typically non-recurring.

The Group’s revenue for the six months ended 31 March 2014 (“HY2014”) was S\$12.48 million with an increase of S\$6.68 million or 115.0% as compared to S\$5.80 million for the corresponding period ended 31 March 2013 (“HY2013”). The increase was due to the increase in the sale of door and shutter systems arising from increased demand for such products from developers of industrial and commercial projects.

Gross profit

Gross profit increased by S\$3.76 million or 144.9% from S\$2.60 million in HY2013 to S\$6.36 million in HY2014. Correspondingly, gross profit margin increased from 44.7% in HY2013 to 50.9% in HY2014. The lower gross profit margin in HY2013 was mainly attributed to some items of costs in the cost of sales, which were fixed in nature. Hence, and on the basis of this reason, the lower revenue in HY2013 did not result in a proportional decrease in cost of sales and as such gross profit margin was lower in that period.

Other operating income

Other operating income increased by S\$0.07 million or 26.0% from S\$0.27 million in HY2013 to S\$0.34 million in HY2014. The increase in other operating income was mainly attributed to the increase in government grants received in HY2014.

Marketing and distribution expenses

Marketing and distribution expenses increased by S\$0.10 million or 31.4% from S\$0.32 million in HY2013 to S\$0.42 million in HY2014. The increase in marketing and distribution expenses was mainly attributed to the increase in transportation expenses which was in line with the increase in revenue during the period.

Administrative expenses

Administrative expenses increased by S\$0.61 million or 29.6% from S\$2.07 million in HY2013 to S\$2.68 million in HY2014. The increase in administrative expenses was mainly attributed to the increase in (i) employee compensation of S\$0.71 million due mainly to the increase in headcount; and (ii) rental expenses of S\$0.10 million due mainly to the rental of additional dormitories for the increased number of workers. This was partially offset by the absence of professional fees and related incidental expenses in relation to the Company's IPO of S\$0.30 million which occurred in HY2013.

Income tax expense

Income tax expense increased by S\$0.34 million or 214.0% from S\$0.16 million in HY2013 to S\$0.49 million in HY2014 in line with the higher profit before tax for HY2014.

Profit for the period

As a result of the above, profit for the period increased by S\$2.79 million from S\$0.23 million in HY2013 to S\$3.03 million in HY2014.

Review of the Group's Financial Position

Current assets

Current assets increased by S\$2.62 million from S\$13.71 million as at 30 September 2013 to S\$16.32 million as at 31 March 2014. The increase in current assets was mainly due to the increase in:

- (i) cash and cash equivalents of S\$1.56 million;
- (ii) trade and other receivables of S\$0.88 million mainly attributed to the increase in (a) trade receivables of S\$0.39 million as a result of higher sales during the period; and (b) deposits placed for the purchase of property, plant and equipment of S\$0.42 million; and
- (iii) inventories of S\$0.18 million mainly due to purchase of raw materials and components to meet production demands.

Non-current assets

Non-current assets increased by S\$0.30 million from S\$3.55 million as at 30 September 2013 to S\$3.84 million as at 31 March 2014 due to the purchase of property, plant and equipment during the period.

Current liabilities

Current liabilities increased by S\$0.63 million from S\$3.10 million as at 30 September 2013 to S\$3.73 million as at 31 March 2014. The increase in current liabilities was mainly due to the increase in:

- (i) trade and other payables of S\$0.33 million as the Group made payments in respect of a smaller proportion of trade payables; and
- (ii) income tax payable of S\$0.49 million.

This was partially offset by a decrease in bank borrowings of S\$0.18 million due to repayments during the period.

Non-current liabilities

Non-current liabilities increased by S\$0.06 million from S\$0.31 million as at 30 September 2013 to S\$0.36 million as at 31 March 2014 due to the increase in deferred tax liabilities of S\$0.06 million.

Capital, reserves and non-controlling interests

The increase was mainly attributed to the profits earned during the period, partially offset by the dividends paid.

Review of the Group's Cash Flows

Net cash from operating activities

In HY2014, the Group generated net cash of S\$3.69 million from operating activities before changes in working capital. The Group's net working capital outflow amounted to S\$0.73 million and was mainly due to (i) an increase in trade and other receivables of S\$0.88 million; and (ii) an increase in inventories of S\$0.18 million. This was partially offset by an increase in trade and other payables of S\$0.33 million.

After refund of income tax of S\$0.05 million, the net cash from operating activities in HY2014 amounted to S\$3.01 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$0.47 million due to purchase of property, plant and equipment in HY2014.

Net cash used in financing activities

Net cash used in financing activities amounted to S\$0.98 million and was mainly due to (i) payment of dividends of S\$0.78 million; and (ii) repayment of bank borrowings of S\$0.18 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The financial performance of the Group for HY2014 is generally in line with what was disclosed in section 10 of the Company's previous set of results announcement on 22 November 2013.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The factors that may impact the Group are as follows:

- (a) General health of the Singapore economy;
- (b) Level of activities in the commercial and industrial developments in Singapore; and
- (c) Changes in the Singapore government's policies and regulations on the immigration and employment of foreign workers.

Notwithstanding the continued uncertain economic outlook, the Group remains cautiously optimistic that the outlook on the door and shutter solutions industry in Singapore will remain positive in the next 12 months. The Group continues to be on the lookout for new projects to maintain or expand its order book. The Group's order book remains healthy as at 31 March 2014.

The Group also expects increasing constraints in labour supply and manpower costs in Singapore. In this regard, the Group will continue to take appropriate steps and measures to address these issues to maintain its competitiveness.

11. Dividend

(a) Dividend declared (recommended) for the current financial period reported on

None.

(b) Dividend declared (recommended) for the corresponding period of the immediately preceding financial year

None.

(c) Whether the dividend is before tax, net of tax, or tax exempt

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the financial period ended 31 March 2014.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained an IPT mandate.

14. Use of Proceeds

In accordance with the "Use of Proceeds and Listing Expenses" section of the Company's Offer Document dated 11 April 2013, the proceeds from the IPO after deducting listing expenses ("Net Proceeds") have been utilised as follows:

	Allocation of Net Proceeds S\$'000	Net Proceeds Utilised as at 31 March 2014 S\$'000	Balance of Net Proceeds as at 31 March 2014 S\$'000
To acquire new machinery and equipment	600	511	89
To fund product development activities	400	83	317
Working capital and general corporate purposes	431	431	-
	1,431	1,025	406

15. Negative confirmation pursuant to Rule 705(5)

We confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Group for the six months ended 31 March 2014 to be false or misleading in any material respect.

On behalf of the Board

Wong Lok Yung
Chairman and Chief Executive Officer

Wu Chiaw Ching
Lead Independent Director

BY ORDER OF THE BOARD
Wong Lok Yung
Chairman and Chief Executive Officer
9 May 2014