



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 2015

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.

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- 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 Profit or Loss and Other Comprehensive Income

	Group		Increase/ (Decrease) %
	Six months ended 31.03.15 S\$'000	31.03.14 S\$'000	
Revenue	10,516	12,479	(15.7)
Cost of sales	(6,303)	(6,121)	3.0
Gross profit	4,213	6,358	(33.7)
Other operating income	214	343	(37.6)
Marketing and distribution expenses	(315)	(418)	(24.6)
Administrative expenses	(2,745)	(2,679)	2.5
Other operating expenses	(168)	(94)	78.7
Investment revenue	8	8	-
Other gains and losses	211	6	n.m. ⁽¹⁾
Finance costs	(1)	(4)	(83.8)
Profit before tax	1,417	3,520	(59.8)
Income tax expense	(118)	(495)	(76.2)
Profit for the period	1,299	3,025	(57.1)
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(14)	(11)	22.2
Other comprehensive loss for the period, net of tax	(14)	(11)	22.2
Total comprehensive income for the period	1,285	3,014	(57.4)
Profit (Loss) attributable to:			
Owners of the Company	1,434	3,133	(54.2)
Non-controlling interests	(135)	(108)	25.6
	1,299	3,025	(57.1)
Total comprehensive income (loss) attributable to:			
Owners of the Company	1,418	3,126	(54.7)
Non-controlling interests	(133)	(112)	18.3
	1,285	3,014	(57.4)
Basic and diluted earnings per share (cents)	1.28	2.80	(54.2)

Note:

(1) n.m. denotes not meaningful.

1(a)(ii) Notes to consolidated statement of profit or loss and other comprehensive income

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

	Group		Increase/ (Decrease) %
	Six months ended 31.03.15 S\$'000	31.03.14 S\$'000	
Other operating income:			
Rental income	10	189	(94.5)
Sundry income	204	154	32.3
	<u>214</u>	<u>343</u>	<u>(37.6)</u>
Investment revenue:			
Interest income from bank deposits	<u>8</u>	<u>8</u>	<u>-</u>
Interest expenses	(1)	(4)	(83.8)
Depreciation of property, plant and equipment	(160)	(131)	22.4
Amortisation of intangible asset	(47)	(47)	-
Net foreign exchange gains	173	6	n.m. ⁽¹⁾
Gain on disposal of property, plant and equipment	38	-	n.m. ⁽¹⁾
Impairment loss on trade receivables	<u>-</u>	<u>(11)</u>	<u>n.m.⁽¹⁾</u>

Note:

(1) 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	
	As at		As at	
	31.03.15	30.09.14	31.03.15	30.09.14
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	7,906	8,098	883	2,025
Trade and other receivables	6,483	8,517	2,363	3,106
Inventories	2,056	2,291	-	-
Total current assets	16,445	18,906	3,246	5,131
Non-current assets				
Property, plant and equipment	1,689	1,572	-	-
Intangible asset	1,313	1,360	-	-
Pledged bank deposits	1,008	1,000	-	-
Subsidiaries	-	-	2,698	2,350
Total non-current assets	4,010	3,932	2,698	2,350
Total assets	20,455	22,838	5,944	7,481
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	9	-	-	-
Trade and other payables	2,127	4,515	107	231
Current portion of finance leases	-	3	-	-
Income tax payable	300	516	1	4
Total current liabilities	2,436	5,034	108	235
Non-current liabilities				
Bank borrowings	32	-	-	-
Deferred tax liabilities	396	336	-	-
Other payables	23	14	-	-
Total non-current liabilities	451	350	-	-
Total liabilities	2,887	5,384	108	235
Capital, reserves and non-controlling interests				
Share capital	5,245	5,245	5,245	5,245
Reserves	12,063	12,101	591	2,001
Total equity attributable to owners of the Company	17,308	17,346	5,836	7,246
Non-controlling interests	260	108	-	-
Total equity	17,568	17,454	5,836	7,246
Total liabilities and equity	20,455	22,838	5,944	7,481

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 31.03.15		As at 30.09.14	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	9	-	3	-
Amount repayable after one year	32	-	-	-

Details of any collateral

As at 31 March 2015, secured borrowings comprised:

- Term loan of S\$41,000 (30 September 2014: Nil) which is secured by a pledge of the Group's bank deposits of S\$8,000 (30 September 2014: Nil).
- Finance leases of Nil (30 September 2014: S\$3,000) 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	
	31.03.15	31.03.14
	S\$'000	S\$'000
Operating activities		
Profit before tax	1,417	3,520
Adjustments for:		
Interest income	(8)	(8)
Finance costs	1	4
Depreciation of property, plant and equipment	160	131
Amortisation of intangible asset	47	47
Gain on disposal of property, plant and equipment	(38)	-
Operating cash flows before movements in working capital	<u>1,579</u>	<u>3,694</u>
Inventories	235	(180)
Trade and other receivables	2,023	(885)
Trade and other payables	<u>(2,379)</u>	<u>331</u>
Cash generated from operations	1,458	2,960
Income tax (paid) refund	<u>(274)</u>	<u>52</u>
Net cash from operating activities	<u>1,184</u>	<u>3,012</u>
Investing activities		
Purchase of property, plant and equipment	(290)	(474)
Interest received	8	8
Proceeds from disposal of property, plant and equipment	48	-
Increase in pledged bank deposits	<u>(8)</u>	<u>-</u>
Net cash used in investing activities	<u>(242)</u>	<u>(466)</u>
Financing activities		
Dividends paid	(1,456)	(784)
New bank loan raised	41	-
Repayment of obligations under finance leases	(3)	(12)
Interest paid	(1)	(4)
Repayment of bank borrowings	-	(183)
Capital contribution from non-controlling interests in a subsidiary	<u>285</u>	<u>-</u>
Net cash used in financing activities	<u>(1,134)</u>	<u>(983)</u>
Net (decrease) increase in cash and cash equivalents	(192)	1,563
Cash and cash equivalents at beginning of period	<u>8,098</u>	<u>4,568</u>
Cash and cash equivalents at end of period	<u>7,906</u>	<u>6,131</u>

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 2014	5,245	(9)	277	19	11,814	17,346	108	17,454
Total comprehensive income (loss) for the period								
Profit (Loss) for the period	-	-	-	-	1,434	1,434	(135)	1,299
Other comprehensive (loss) income for the period	-	(16)	-	-	-	(16)	2	(14)
Total	-	(16)	-	-	1,434	1,418	(133)	1,285
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(1,456)	(1,456)	-	(1,456)
Capital contribution from non-controlling interests in a subsidiary	-	-	-	-	-	-	285	285
Total	-	-	-	-	(1,456)	(1,456)	285	(1,171)
Balance at 31 March 2015	5,245	(25)	277	19	11,792	17,308	260	17,568
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

The Company	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 October 2014	5,245	2,001	7,246
Transactions with owners, recognised directly in equity			
Dividends	-	(1,456)	(1,456)
Profit for the period, representing total comprehensive income for the period	-	46	46
Balance at 31 March 2015	<u>5,245</u>	<u>591</u>	<u>5,836</u>
Balance at 1 October 2013	5,245	1,076	6,321
Transactions with owners, recognised directly in equity			
Dividends	-	(784)	(784)
Profit for the period, representing total comprehensive income for the period	-	43	43
Balance at 31 March 2014	<u>5,245</u>	<u>335</u>	<u>5,580</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 2015 and 31 March 2014.

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>	
	31.03.15	As at 30.09.14
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 2014.

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 2014. 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	
	31.03.15	31.03.14
Profit attributable to owners of the Company (S\$'000)	1,434	3,133
Weighted average number of ordinary shares ('000)	112,000	112,000
EPS - Basic and diluted (cents)	<u>1.28</u>	<u>2.80</u>

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

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	
	31.03.15	30.09.14	31.03.15	30.09.14
NAV per ordinary share (cents)	15.45	15.49	5.21	6.47
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 2015 (“HY2015”) was S\$10.52 million with a decrease of S\$1.96 million or 15.7% as compared to S\$12.48 million for the corresponding period ended 31 March 2014 (“HY2014”). The decrease was due to the decrease in the sale of door and shutter systems which was mainly attributed to the absence of sales arising from delayed projects which spilled over from the financial year ended 30 September 2013 to HY2014.

Gross profit

Gross profit decreased by S\$2.15 million or 33.7% from S\$6.36 million in HY2014 to S\$4.21 million in HY2015. Correspondingly, gross profit margin decreased from 50.9% in HY2014 to 40.1% in HY2015. The lower gross profit margin was mainly attributed to some items of costs in the cost of sales, which were fixed in nature. On the basis of this reason, the lower revenue in HY2015 did not result in a proportional decrease in cost of sales and as such gross profit margin was lower in the period.

Other operating income

Other operating income decreased by S\$0.13 million or 37.6% from S\$0.34 million in HY2014 to S\$0.21 million in HY2015. The decrease in other operating income was mainly attributed to the decrease in rental income arising from the cessation of the sub-letting of our premises in July 2014 upon the termination of the lease.

This was partially offset by the increase in government grants received in HY2015.

Marketing and distribution expenses

Marketing and distribution expenses decreased by S\$0.10 million or 24.6% from S\$0.42 million in HY2014 to S\$0.31 million in HY2015. The decrease in marketing and distribution expenses was mainly attributed to the decrease in transportation expenses which was in line with the decrease in revenue during the period.

Administrative expenses

Administrative expenses increased by S\$0.07 million or 2.5% from S\$2.68 million in HY2014 to S\$2.75 million in HY2015. The increase in administrative expenses was mainly attributed to the increase in professional and consultancy fees as a result of the increase in legal fees incurred during the period.

Other operating expenses

Other operating expenses increased by S\$0.07 million or 78.7% from S\$0.09 million in HY2014 to S\$0.17 million in HY2015. The increase in other operating expenses was mainly attributed to the increase in (i) repair and maintenance expenses of S\$0.05 million; and (ii) product development expenses of S\$0.04 million.

Other gains and losses

Other gains and losses increased by S\$0.20 million from S\$6,000 in HY2014 to S\$0.21 million in HY2015. The increase in other gains and losses was mainly attributed to the increase in (i) net foreign exchange gains arising from the translation of trade receivables denominated in US\$ of S\$0.17 million; and (ii) gain on disposal of property, plant and equipment of S\$0.04 million.

Income tax expense

Income tax expense decreased by S\$0.38 million or 76.2% from S\$0.49 million in HY2014 to S\$0.12 million in HY2015 in line with the lower profit before tax for HY2015.

Profit for the period

As a result of the above, profit for the period decreased by S\$1.73 million from S\$3.03 million in HY2014 to S\$1.30 million in HY2015.

Review of the Group's Financial Position

Current assets

Current assets decreased by S\$2.46 million from S\$18.91 million as at 30 September 2014 to S\$16.45 million as at 31 March 2015. The decrease in current assets was mainly due to the decrease in:

- (i) cash and cash equivalents of S\$0.19 million;
- (ii) trade and other receivables of S\$2.03 million mainly attributed to the decrease in (a) trade receivables of S\$1.07 million as a result of lower sales during the period; and (b) deposits of S\$0.91 million placed for the purchase of inventories from our principals; and
- (iii) inventories of S\$0.24 million mainly due to lower balance of raw materials as at 31 March 2015.

Non-current assets

Non-current assets increased by S\$0.08 million from S\$3.93 million as at 30 September 2014 to S\$4.01 million as at 31 March 2015 mainly due to the purchase of machinery and equipment during the period, partially offset by depreciation and amortisation.

Current liabilities

Current liabilities decreased by S\$2.60 million from S\$5.03 million as at 30 September 2014 to S\$2.44 million as at 31 March 2015. The decrease in current liabilities was mainly due to the decrease in:

- (i) trade and other payables of S\$2.39 million mainly attributed to the decrease in (a) deposits of S\$1.99 million received from customers; and (b) accruals of S\$0.55 million; and
- (ii) income tax payable of S\$0.22 million.

Non-current liabilities

Non-current liabilities increased by S\$0.10 million from S\$0.35 million as at 30 September 2014 to S\$0.45 million as at 31 March 2015 mainly due to the increase in (a) bank borrowings of S\$0.03 million; and (b) deferred tax liabilities of S\$0.06 million.

Capital, reserves and non-controlling interests

Total equity increased by S\$0.11 million from S\$17.45 million as at 30 September 2014 to S\$17.57 million as at 31 March 2015 mainly due to the profits earned and changes in non-controlling interests during the period, partially offset by the dividends paid.

Review of the Group's Cash Flows

Net cash from operating activities

In HY2015, the Group generated net cash of S\$1.58 million from operating activities before changes in working capital. The Group's net working capital outflow amounted to S\$0.12 million and was due to a decrease in trade and other payables of S\$2.38 million. This was partially offset by (i) a decrease in trade and other receivables of S\$2.02 million; and (ii) a decrease in inventories of S\$0.24 million.

After payment of income tax of S\$0.27 million, the net cash from operating activities in HY2015 amounted to S\$1.18 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$0.24 million and was mainly due to purchase of property, plant and equipment of S\$0.29 million, partially offset by the proceeds from disposal of property, plant and equipment of S\$0.05 million in HY2015.

Net cash used in financing activities

Net cash used in financing activities amounted to S\$1.13 million and was mainly due to payment of dividends of S\$1.46 million. This was partially offset by (i) capital contribution from non-controlling interests in a subsidiary of S\$0.28 million; and (ii) new bank loan of S\$0.04 million.

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

No forecast or prospect statement has been previously disclosed.

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 2015.

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 2015.

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 a general mandate from shareholders for IPTs.

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 2015 S\$'000	Balance of Net Proceeds as at 31 March 2015 S\$'000
To acquire new machinery and equipment	600	600	-
To fund product development activities	400	134	266
Working capital and general corporate purposes	431	431	-
	1,431	1,165	266

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 2015 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
7 May 2015