

GINSMS INC.

Condensed Interim Consolidated Financial Statements
Nine months period ended September 30, 2018 and 2017
(Unaudited)

To the Shareholders of GINSMS Inc.:

Management is responsible for the preparation and presentation of the accompanying unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the unaudited condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The majority of the Audit Committee is composed of Directors who are neither management nor employees of the Corporation. The Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Corporation's external independent auditors.

The auditor of GINSMS Inc. has not performed a review of the unaudited condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2018 and 2017.

November 12, 2018

/s/ "Joel Siang Hui Chin"
Chief Executive Officer

/s/ "Kuen Kuen Lau"
Director

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)

(In Canadian Dollars)

		<i>(Unaudited)</i> Three months ended September 30, 2018 \$	<i>(Unaudited)</i> Three months ended September 30, 2017 \$	<i>(Unaudited)</i> Nine months ended September 30, 2018 \$	<i>(Unaudited)</i> Nine months ended September 30, 2017 \$
Revenue	7	930,341	1,897,881	4,269,210	5,426,879
Cost of sales		<u>(794,916)</u>	<u>(1,764,678)</u>	<u>(3,789,635)</u>	<u>(4,858,427)</u>
Gross profit		135,425	133,203	479,575	568,452
Expenses					
Salaries and wages		(125,401)	(78,556)	(502,007)	(534,941)
Professional fees		(86,388)	(51,904)	(254,689)	(264,039)
Allowance for doubtful debts		-	-	-	(7,489)
General and administrative		(64,481)	(62,985)	(189,624)	(182,250)
Amortization and depreciation		(257)	(296)	(882)	(1,146)
Foreign currency exchange (loss)/gain		(88,868)	31,867	(161,647)	90,646
Loss from operations		<u>(229,970)</u>	<u>(28,671)</u>	<u>(629,274)</u>	<u>(330,767)</u>
Finance costs					
Interest expenses on other borrowings		(129,947)	(138,439)	(293,523)	(486,937)
Loss before tax		<u>(359,917)</u>	<u>(167,110)</u>	<u>(922,797)</u>	<u>(817,704)</u>
Income tax credit		702	113	749	46
Net loss for the period		<u><u>(359,215)</u></u>	<u><u>(166,997)</u></u>	<u><u>(922,048)</u></u>	<u><u>(817,658)</u></u>
Other comprehensive income / (loss), net of tax:					
<i>Items that may be reclassified to profit or loss</i>					
Foreign exchange differences on translating of foreign currency financial operations		82,166	184,273	145,520	103,978
Total comprehensive loss for the period		<u><u>(277,049)</u></u>	<u><u>17,276</u></u>	<u><u>(776,528)</u></u>	<u><u>(713,680)</u></u>
Net loss for the period attributable to:					
Shareholders		(358,114)	(166,349)	(917,971)	(815,739)
Non-controlling interest		<u>(1,101)</u>	<u>(648)</u>	<u>(4,077)</u>	<u>(1,919)</u>
		<u><u>(359,215)</u></u>	<u><u>(166,997)</u></u>	<u><u>(922,048)</u></u>	<u><u>(817,658)</u></u>
Total comprehensive loss for the period attributable to:					
Shareholders		(276,451)	17,443	(773,205)	(712,086)
Non-controlling interest		<u>(598)</u>	<u>(167)</u>	<u>(3,323)</u>	<u>(1,594)</u>
		<u><u>(277,049)</u></u>	<u><u>17,276</u></u>	<u><u>(776,528)</u></u>	<u><u>(713,680)</u></u>
Loss per share	10				
Basic		(0.002)	(0.001)	(0.006)	(0.006)
Diluted		N/A	N/A	N/A	N/A

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

(In Canadian Dollars)

	Note	<i>(Unaudited)</i> September 30, 2018 \$	<i>(Audited)</i> December 31, 2017 \$
Non-current assets			
Property, plant and equipment	11	35,766	36,769
Goodwill	12	-	-
Development expenditures	13	5,176	297,436
		<u>40,942</u>	<u>334,205</u>
Current assets			
Accounts receivable	14	498,695	1,238,898
Other receivables, prepayments and deposits		101,305	158,429
Bank and cash balances		245,855	340,765
		<u>845,855</u>	<u>1,738,092</u>
Current liabilities			
Accounts payable and accrued liabilities	15	889,776	1,539,484
Advances from related parties	17	397,510	475,620
Loan from a related party	19	319,443	284,217
Promissory note payable	18	520,000	484,000
Current tax liabilities		555	601
		<u>2,127,284</u>	<u>2,783,922</u>
Net current liabilities		<u>(1,281,429)</u>	<u>(1,045,830)</u>
Total assets less current liabilities		<u>(1,240,487)</u>	<u>(711,625)</u>
Non-current liabilities			
Loans from related parties	19	4,417,930	4,170,273
Deferred tax liability		1,162	1,153
		<u>4,419,092</u>	<u>4,171,426</u>
NET LIABILITIES		<u>(5,659,579)</u>	<u>(4,883,051)</u>
EQUITY			
Share capital	20	11,415,709	11,415,709
Deficit		(17,435,701)	(16,517,730)
Accumulated other comprehensive income		372,671	227,905
Total deficiency attributable to equity shareholders of the Corporation		<u>(5,647,321)</u>	<u>(4,874,116)</u>
Non-controlling interests		<u>(12,258)</u>	<u>(8,935)</u>
TOTAL DEFICIENCY		<u>(5,659,579)</u>	<u>(4,883,051)</u>

Approved on behalf of the board on November 12, 2018

Director
/s/ "Joel Siang Hui Chin"

Director
/s/ "Kuen Kuen Lau"

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)

(In Canadian Dollars)

For the nine months ended	Attributable to equity shareholders of the Corporation					Total deficit
	Share capital	Deficit	Accumulated other comprehensive income	Total	Non-controlling interest	
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2018	11,415,709	(16,517,730)	227,905	(4,874,116)	(8,935)	(4,883,051)
Loss for the period	-	(917,971)	-	(917,971)	(4,077)	(922,048)
Other comprehensive income	-	-	144,766	144,766	754	145,520
Balance as at September 30, 2018	<u>11,415,709</u>	<u>(17,435,701)</u>	<u>372,671</u>	<u>(5,647,321)</u>	<u>(12,258)</u>	<u>(5,659,579)</u>

For the nine months ended	Attributable to equity shareholders of the Corporation					Total deficit
	Share capital	Deficit	Accumulated other comprehensive income	Total	Non-controlling interest	
	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2017	10,484,429	(15,395,462)	248,035	(4,662,998)	(6,767)	(4,669,765)
Loss for the period		(815,739)	-	(815,739)	(1,919)	(817,658)
Issuance of shares in a private placement	931,280	-	-	931,280	-	931,280
Other comprehensive income	-	-	103,978	103,978	325	104,303
Balance as at September 30, 2017	<u>11,415,709</u>	<u>(16,211,201)</u>	<u>352,013</u>	<u>(4,443,479)</u>	<u>(8,361)</u>	<u>(4,451,840)</u>

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017

(In Canadian Dollars)

	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Three months ended September 30, 2017	<i>(Unaudited)</i> Nine months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2017
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the period	(359,215)	(166,997)	(922,048)	(817,658)
Deferred income tax expenses	318	-	364	-
Current tax expense/(recovery)	-	26	-	(4,724)
Allowance for doubtful debts	-	-	-	7,489
Interest expenses	129,947	138,439	293,523	486,937
Foreign currency exchange (gain) / loss	88,868	(31,867)	161,647	(90,646)
Development expenditures impairment	-	5,419	255,304	15,370
Depreciation of property, plant and equipment	6,680	25,598	20,248	82,408
Amortization of development expenditures	-	-	40,838	-
Changes in non-cash working capital items:				
Accounts receivable	2,721,833	(770,003)	716,648	(1,143,968)
Other receivables, prepayments and deposits	12,526	(43,610)	53,557	4,319
Accounts payable and accrued liabilities	(2,345,303)	643,469	(627,577)	858,578
Income tax paid	(384)	-	(384)	-
Net cash generated from / (used in) operating activities	255,270	(199,526)	(7,880)	(601,895)
FINANCING ACTIVITIES				
Advances from related parties	(49)	50,599	108,655	202,904
Repayment of advance to a related party	(173,808)	(123,295)	(187,215)	(492,207)
Repayment of loan to a related party	-	-	-	(13,997)
Proceed from private placement	-	-	-	931,280
Net cash (used in) / generated from financing activities	(173,857)	(72,696)	(78,560)	627,980
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,745)	(13,886)	(19,890)	(18,832)
Development expenditures	(4,804)	-	(5,232)	(112)
Net cash used in investing activities	(7,549)	(13,886)	(25,122)	(18,944)
Effect of exchange rate changes on cash held in foreign currencies	19,358	781	16,652	(25,703)
Increase / (Decrease) in cash	93,222	(285,327)	(94,910)	(18,562)
Cash, beginning of period	152,633	406,573	340,765	139,808
Cash, end of period	245,855	121,246	245,855	121,246

The accompanying notes are an integral part of these consolidated financial statements.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)

(In Canadian Dollars)

1. GENERAL INFORMATION

GINSMS Inc. (the "Corporation") was incorporated in Alberta under the Canada Business Corporations Act on March 20, 2009. The address of its registered office is Suite 3000, 700 - 9th Avenue S.W., Calgary, Alberta, T2P 3V4. The Corporation's shares are listed on the TSX Venture Exchange ("TSXV").

The Corporation is an investment holding company. The principal activities of its subsidiaries are set out in note 23 to the consolidated financial statements.

In the opinion of the directors of the Corporation, Xinhua Mobile Limited ("Xinhua Mobile"), a company incorporated in the Cayman Islands, is the immediate parent; Beat Holdings Limited ("Beat Holdings"), a company incorporated in the Cayman Islands, is the ultimate parent.

Beat Holdings' securities are listed on Tokyo Stock Exchange's Second Section (9399).

The principal activities of the Corporation are as follows:

a. Provision of messaging service ("Messaging Service")

The Corporation operates its Messaging Services business through its subsidiaries, GIN International Limited in Hong Kong and PT Inphosoft Indonesia in Indonesia. The subsidiaries provide cloud-based application-to-peer ("A2P") messaging service ("A2P Service"). Through the provision of A2P Service, the Corporation enables the mobile application developers, short message service ("SMS") gateway, enterprises and financial institution to deliver SMS worldwide without any upfront capital investment through the use of the Corporation's rich application programming interface.

b. Provision of software products and services ("Software Products and Services")

The Corporation operates its Software Products and Services business through Inphosoft Group Pte Ltd. ("Inphosoft"), its wholly-owned subsidiary. Inphosoft is headquartered in Singapore with subsidiaries in Malaysia and Indonesia. The activities of Inphosoft consist of providing software products and services with a focus in the following areas:

- i. Provision of products and solutions to mobile operators in the areas 3G/4G mobile data value-added services like mobile entertainment and mobile advertising.
- ii. Provision of mobile application development services.
- iii. Provision of support and maintenance services to customers that have purchased its products and solutions.
- iv. Maintain the A2P Cloud platform, research and develop new services used by the Corporation's messaging business.

Software Products and Services revenues are primarily derived from customers in Singapore, Malaysia and Indonesia.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)

2. BASIS OF PREPARATION

These unaudited interim consolidated financial statements are prepared according to International Accounting Standard ("IAS") 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Amounts are reported in Canadian dollars ("CDN" or "\$") unless otherwise indicated.

The Corporation has faced considerable competition in its existing principal activities, and the profitability of the businesses has been affected. The Corporation incurred a loss of \$359,215 and \$922,048 for the three and nine months ended September 30, 2018 respectively. Additionally, as at September 30, 2018, the Corporation had net current liabilities and net liabilities of \$1,281,429 and \$5,659,579 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Corporation's ability to continue as a going concern. Therefore, the Corporation may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Corporation confirms to adopt the going concern basis in preparing its consolidated financial statements. Management has instituted plans to address these matters:

- a. The liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not call the interest-bearing loans of \$3,610,990 and interest-free loans of \$806,940 in the next twelve months from the quarter ended September 30, 2018. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$319,443 and promissory note of \$520,000 to March 31, 2019.
- b. The Corporation intends to focus on increasing the revenue from existing markets and also expand its A2P messaging service customer base by directly marketing the service to more countries in the South East Asia.
- c. The ultimate parent has agreed to provide adequate funds for the Corporation to meet all third party obligations for at least the ensuing twelve month period.

Should the Corporation be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Corporation's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)****3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The new and revised international financial reporting standards that have been adopted by the Corporation are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2017.

New and revised IFRSs in issue but not yet effective

The Corporation has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning January 1, 2018. These new and revised IFRSs include the following which may be relevant to the Corporation.

	Effective for accounting periods beginning on or after
IFRS 16 Leases	January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2018 have been prepared under the historical cost convention.

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The unaudited condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statement for the twelve months ended December 31, 2017 which has been prepared in accordance with IFRS.

GINSMS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate parent at a level sufficient to finance the working capital requirements of the Corporation. Details are explained in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Recoverability of development expenditures

During the period, the Corporation carried out reviews of the recoverability of development expenditures, having regard to the market conditions of the Corporation's messaging service segment. These assets are mainly used in the Corporation's messaging service segment. The review led to the recognition of an impairment loss of \$255,304 (December 31, 2017: \$Nil) that have been recognised in profit or loss.

(b) Allowance for doubtful accounts

The Corporation makes an allowance for doubtful accounts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each customer. Allowance for doubtful accounts arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for doubtful accounts and bad debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As at September 30, 2018, accumulated allowance for doubtful accounts amounted to \$17,873 (December 31, 2017: \$17,968).

GINSMS INC.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)**
6. FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Foreign currency risk

The Corporation is exposed to foreign currency rate variability primarily in relation to certain assets and liabilities denominated in foreign currencies such as United States Dollars ("USD"), Euros ("EUR") and Singapore Dollars ("SGD"). The Corporation has exposure to foreign currency risk as bank and cash balances, trade receivables and loans from related parties are denominated mostly in USD, EUR and SGD whereas its foreign operations' functional currencies are the respective local currencies of the countries where the operations are based namely SGD for its Singapore subsidiaries, Malaysian Ringgit ("MYR") for its Malaysian subsidiary, Indonesian Rupiah ("IDR") for its Indonesian subsidiary and Hong Kong Dollars ("HKD") for its Hong Kong subsidiary. The Corporation is mainly exposed to the effects of fluctuation in SGD, EUR and USD.

The Corporation currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Corporation monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following presents the carrying amounts of the financial instruments that are denominated in the currencies:

	At September 30, 2018 (Unaudited)						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balances	2,777	71,230	3,652	23,054	72,243	72,899	245,855
Trade receivables	-	229,240	-	3,181	144,346	28,315	405,082
Other receivables and deposits	-	15,532	108	-	25,775	7,633	49,048
Accounts payable and accrued liabilities	(97,378)	(139,502)	(315,878)	(6,438)	(49,371)	(171,712)	(780,279)
Advances from related parties	-	(110,045)	(287,465)	-	-	-	(397,510)
Promissory note payable	(520,000)	-	-	-	-	-	(520,000)
Loans from related parties	-	(1,426,868)	(2,515,181)	(795,324)	-	-	(4,737,373)
	At December 31, 2017 (Audited)						
	CDN \$	SGD \$	HKD \$	USD \$	Euro \$	Others \$	Total \$
Bank and cash balance	1,512	25,833	7,658	223,219	56,949	25,594	340,765
Trade receivables	-	260,625	-	849,978	99,680	18,422	1,228,705
Other receivables and deposits	-	15,615	107	-	25,607	7,728	49,057
Accounts payable and accrued liabilities	(176,958)	(139,243)	(992,027)	(43,154)	(40,417)	(82,274)	(1,474,073)
Advances from related parties	-	(57,301)	(404,581)	-	-	(13,738)	(475,620)
Promissory note payable	(484,000)	-	-	-	-	-	(484,000)
Loans from related parties	-	(1,454,647)	(2,285,070)	(714,773)	-	-	(4,454,490)

At September 30, 2018, if the SGD had weakened or strengthened 5 percent against the USD with all other variables held constant, consolidated loss after tax and the deficiency would have been approximately \$18,000 (December 31, 2017: \$17,000) higher or lower, arising mainly as a result of the foreign exchange loss or gain on net payables denominated in USD.

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (CONT'D)****(b) Credit risk**

Credit risk arises from accounts receivable and deposits with banks. The Corporation reduces this risk by dealing with creditworthy banks or financial institutions.

Credit risk also results from the possibility that a loss may occur from the failure of another party to adhere to payment terms. To lower this risk, the Corporation's extension of credit is based on an evaluation of each customer's financial condition. Management reviews the ageing of trade accounts receivable and other factors relating to the risk that customer accounts may not be paid in full and, when appropriate, reduces the carrying value to provide for possible loss.

The following table summarizes the accounts receivable overdue but not impaired. These relate to a number of independent customers for whom there is no recent history of default:

	Up to 3 months	3 to 6 months	Over 6 months	Total
	\$	\$	\$	\$
At September 30, 2018 (Unaudited)	175,625	1,227	26,138	202,990
At December 31, 2017 (Audited)	568,353	75,068	16,072	659,493

As at September 30, 2018, approximately 83% (December 31, 2017: 93%) of significant individual accounts receivable was owed from four customers.

The carrying amount of bank balances and accounts receivable represents the Corporation's maximum credit exposure.

(c) Liquidity risk

The Corporation manages its risk of not meeting its financial obligations through management of its capital structure, and annual budgeting of its revenues, expenditures and cash flows.

The maturity analysis based on contractual undiscounted cash flows of the Corporation's non-derivative financial liabilities is as follows:

	Less than 1 year	Between 1 to 2 years	Total
	\$	\$	\$
At September 30, 2018 (Unaudited)			
Accounts payable and accrued liabilities	780,279	-	780,279
Advance from related parties	397,510	-	397,510
Promissory note payable	544,000	-	544,000
Loans from related parties	339,138	4,878,240	5,217,378
At December 31, 2017 (Audited)			
Accounts payable and accrued liabilities	1,474,073	-	1,474,073
Advance from related parties	475,620	-	475,620
Promissory note payable	496,000	-	496,000
Loans from related parties	292,751	4,701,878	4,994,629

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND SEPTEMBER 30,
2017 (Unaudited)****6. FINANCIAL RISK MANAGEMENT (CONT'D)****(c) Liquidity risk (cont'd)**

The Corporation has working capital deficiency of \$1,281,429 as at September 30, 2018 (December 31, 2017: \$1,045,830). The liquidity risk is mitigated as related parties have confirmed with the Corporation that they will not call the interest-bearing loans of \$3,610,990 and the interest-free loan of \$806,940 in the next twelve months from the quarter ended September 30, 2018. Furthermore, the immediate parent and the promissory note holder have agreed to extend the due dates of the loan of \$319,443 and promissory note of \$520,000 to March 31, 2019.

(d) Interest rate risk

As the Corporation has no significant interest-bearing assets, its earnings and operating cash flows are substantially independent of change in market interest rates.

The Corporation's borrowings issued at a fixed rate expose the Corporation to fair value interest rate risk. The Corporation is not exposed to cash flow interest rate risk as at September 30, 2018 and December 31, 2017.

(e) Categories of financial instruments

	<i>(Unaudited)</i> As at September 30, 2018	<i>(Audited)</i> As at December 31, 2017
Financial assets:	\$	\$
Loan and receivables (including cash and cash equivalents)	<u>699,985</u>	<u>1,618,527</u>
Financial liabilities:		
Financial liabilities at amortized costs	<u>6,435,162</u>	<u>6,888,183</u>

(f) Fair values

The carrying amounts of the Corporation's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(g) Capital management

Capital is comprised of shareholders equity (deficit) on the consolidated statement of financial position. The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders. The Corporation's sources of additional capital and policies for distribution of excess capital may also be affected by the Corporation's capital management objectives.

The Corporation manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis. The capital is generally used for defraying the administrative expenses in promoting the objectives of the Corporation. The Corporation is not subject to either internally or externally imposed capital requirements. There have been no changes in the Corporation's capital management policies for the nine months ended September 30, 2018 and for the year ended December 31, 2017.

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7. REVENUE

An analysis of the Corporation's revenue is as follows:

	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Three months ended September 30, 2017	<i>(Unaudited)</i> Nine months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2017
	\$	\$	\$	\$
Service income	924,576	1,890,428	4,232,385	5,379,580
Miscellaneous income	5,765	7,453	36,825	47,299
	<u>930,341</u>	<u>1,897,881</u>	<u>4,269,210</u>	<u>5,426,879</u>

8. SEGMENT INFORMATION

The Corporation's reportable segments are (1) provision of Messaging Service ("MS") and (2) Software Products and Services ("SPS"). They are managed separately because each business requires different technology and marketing strategies. In addition, the Corporation has corporate expenses, assets and liabilities, and such information is included in the "unallocated" column.

The accounting policies of the segments are the same as those described in note 4 to the consolidated financial statements.

(a) Revenue by customers

The revenues are primarily generated in HKD, USD, and SGD. Six major customers have contributed to sales revenue for the three and nine months ended September 30, 2018 and September 30, 2017 as indicated in the following table.

	<i>(Unaudited)</i> Three months ended September 30, 2018		<i>(Unaudited)</i> Three months ended September 30, 2017	
	\$	% of total revenue	\$	% of total revenue
Customer A	20,219	2.2	950,074	50.1
Next five top customers				
Customer B	247,792	26.6	211,964	11.2
Customer C	181,400	19.5	398,789	21.0
Customer D	65,833	7.1	18,849	1.0
Customer E	57,186	6.1	55,257	2.9
Customer F	45,771	4.9	54,494	2.9
All other customers	312,140	33.6	208,454	10.9
	<u>930,341</u>	<u>100.0</u>	<u>1,897,881</u>	<u>100.0</u>

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8. SEGMENT INFORMATION (CONT'D)

(a) Revenue by customers (Cont'd)

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Nine months ended September 30, 2018		Nine months ended September 30, 2017	
	\$	% of total revenue	\$	% of total revenue
Customer A	1,943,868	45.5	2,546,694	46.9
Next five top customers				
Customer B	663,882	15.6	530,525	9.8
Customer C	374,419	8.8	1,346,851	24.8
Customer D	269,633	6.3	51,406	0.9
Customer E	143,045	3.4	132,893	2.4
Customer F	126,927	3.0	235,255	4.3
All other customers	747,436	17.4	583,255	10.9
	4,269,210	100.0	5,426,879	100.0

(b) Revenue by geographical location

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Three months ended September 30, 2018		Three months ended September 30, 2017	
	\$	% of total revenue	\$	% of total revenue
Singapore	295,827	31.8	1,233,981	65.0
United Arab Emirates	9,280	1.0	91,361	4.8
Other Asia countries	231,671	24.9	83,472	4.4
Europe	106,966	11.5	82,824	4.4
United States	285,119	30.6	398,841	21.0
Other regions	1,478	0.2	7,402	0.4
	930,341	100.0	1,897,881	100.0

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	Nine months ended September 30, 2018		Nine months ended September 30, 2017	
	\$	% of total revenue	\$	% of total revenue
Singapore	2,721,782	63.8	3,341,498	61.6
United Arab Emirates	46,197	1.1	266,664	4.9
Other Asia countries	689,331	16.1	237,542	4.4
Europe	263,331	6.2	218,089	4.0
United States	544,110	12.7	1,347,101	24.8
Other regions	4,459	0.1	15,985	0.3
	4,269,210	100.0	5,426,879	100.0

GINSMS INC.

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(c) Total assets by geographical location

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	As at September 30, 2018		As at December 31, 2017	
	\$	% of total assets	\$	% of total assets
Singapore	238,402	26.9	1,136,630	54.9
United Arab Emirates	7,048	0.8	9,088	0.4
Other Asia countries	528,626	59.6	825,580	39.8
Europe	44,001	5.0	38,582	1.9
United States	61,389	6.9	35,802	1.7
Other regions	7,331	0.8	26,615	1.3
	<u>886,797</u>	<u>100.0</u>	<u>2,072,297</u>	<u>100.0</u>

(d) Financial information by business segments

	MS	SPS	Unallocated	Total
	\$	\$	\$	\$
Nine months ended				
September 30, 2018 (Unaudited)				
Revenue	3,348,991	920,219	-	4,269,210
Intersegment revenue	-	220,824	-	220,824
Amortization and depreciation	-	61,086	-	61,086
Interest income	19	153	-	172
Interest and finance expenses	213,021	17,134	63,368	293,523
Income tax credit	-	(749)	-	(749)
Segment profits/(losses)	261,091	(941,878)	(241,261)	(922,048)
Other material non-cash items:				
Impairment of development expenditure	255,304	-	-	255,304
Additions to segment non-current assets	-	25,122	-	25,122
As at September 30, 2018				
(Unaudited)				
Segment assets	314,343	567,680	4,774	886,797
Segment liabilities	<u>(3,358,192)</u>	<u>(2,080,262)</u>	<u>(1,107,922)</u>	<u>(6,546,376)</u>

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8. SEGMENT INFORMATION (CONT'D)

(d) Financial information by business segments (cont'd)

	<u>MS</u>	<u>SPS</u>	<u>Unallocated</u>	<u>Total</u>
	\$	\$	\$	\$
Nine months ended September 30, 2017 (Unaudited)				
Revenue	4,582,962	843,917	-	5,426,879
Intersegment revenue	-	234,941	-	234,941
Amortization and depreciation	-	97,778	-	97,778
Interest income	2	51	-	53
Interest and finance expenses	234,785	184,913	67,239	486,937
Income tax credit	-	(46)	-	(46)
Segment profit/(losses)	159,804	(796,995)	(180,467)	(817,658)
Additions to segment non-current assets	-	18,944	-	18,944
As at September 30, 2017 (Unaudited)				
Segment assets	2,364,850	1,121,798	9,566	3,496,214
Segment liabilities	<u>(5,334,532)</u>	<u>(1,630,376)</u>	<u>(983,146)</u>	<u>(7,948,054)</u>

The totals of above items disclosed in the segment information are the same as the consolidated totals.

9. EMPLOYEE BENEFITS EXPENSE

	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Three months ended September 30, 2017	<i>(Unaudited)</i> Nine months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2017
	\$	\$	\$	\$
Employee benefits expense (including key management personnel):				
Salaries, bonuses and allowances (Note)	312,459	293,913	994,961	914,394
Retirement benefit scheme contributions	<u>33,236</u>	<u>33,583</u>	<u>104,768</u>	<u>105,373</u>
	<u>345,695</u>	<u>327,496</u>	<u>1,099,729</u>	<u>1,019,767</u>
	<u>345,695</u>	<u>327,496</u>	<u>1,099,729</u>	<u>1,019,767</u>

Note: Included expenses of \$5,232 and \$592,490 (Nine months ended September 30, 2017: \$112 and \$484,714) capitalized in development expenditures and recognized in cost of sales respectively.

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10. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Three months ended September 30, 2017	<i>(Unaudited)</i> Nine months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2017
Loss	\$	\$	\$	\$
Loss for the purpose of calculating basic loss per share	<u>(358,114)</u>	<u>(166,349)</u>	<u>(917,971)</u>	<u>(815,739)</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>149,793,861</u>	<u>149,793,861</u>	<u>149,793,861</u>	<u>147,169,798</u>

The Corporation did not have any dilutive potential ordinary shares during the three and nine months ended September 30, 2018 and September 30, 2017.

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11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment and software
	\$
Cost	
At January 1, 2017	198,022
Additions	77,783
Written off	(56,737)
Exchange difference	2,508
	<u>221,576</u>
At December 31, 2017 and January 1, 2018	221,576
Additions	19,890
Exchange difference	(2,594)
	<u>238,872</u>
At September 30, 2018	<u>238,872</u>
Accumulated depreciation	
At January 1, 2017	162,362
Depreciation	24,341
Written off	(4,070)
Exchange difference	2,174
	<u>184,807</u>
At December 31, 2017 and January 1, 2018	184,807
Depreciation	20,248
Exchange difference	(1,949)
	<u>203,106</u>
At September 30, 2018	<u>203,106</u>
Carrying amount	
As at September 30, 2018	<u><u>35,766</u></u>
As at December 31, 2017	<u><u>36,769</u></u>

12. GOODWILL

	\$
Cost less impairment	
At January 1, 2017, December 31, 2017 and September 30, 2018	<u><u>-</u></u>

Due to changes in market condition, the recoverable amount of the goodwill was determined to be below its carrying value at March 31, 2015, and accordingly, the goodwill was considered fully impaired during the year ended March 31, 2015.

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13. DEVELOPMENT EXPENDITURES

	Cost	Accumulated amortization	Total
	\$	\$	\$
At January 1, 2017	894,695	(429,916)	464,779
Additions	112	-	112
Amortization	-	(167,291)	(167,291)
Translation difference	10,963	(11,127)	(164)
	<u>905,770</u>	<u>(608,334)</u>	<u>297,436</u>
At December 31, 2017	905,770	(608,334)	297,436
Additions	5,232	-	5,232
Amortization	-	(40,838)	(40,838)
Impairment	(910,631)	655,327	(255,304)
Translation difference	4,805	(6,155)	(1,350)
	<u>5,176</u>	<u>-</u>	<u>5,176</u>
At September 30, 2018	<u>5,176</u>	<u>-</u>	<u>5,176</u>

During the nine months ended September 30, 2018, the Corporation carried out reviews of the recoverability of development expenditures, having regard to the market conditions of the Corporation's messaging segment. These assets are mainly used in the Corporation's messaging service segment. The review led to the recognition of an impairment loss of \$255,304 that have been recognised in profit or loss.

Research costs recognized as expense for the nine months ended September 30, 2018 and nine months ended September 30, 2017, are \$Nil and \$25,243 respectively.

14. ACCOUNTS RECEIVABLE

	<i>(Unaudited)</i> As at September 30, 2018	<i>(Audited)</i> As at December 31, 2017
	\$	\$
Trade receivables	422,955	1,246,673
Less: Allowance for doubtful accounts	(17,873)	(17,968)
	405,082	1,228,705
Amounts due from customers on contracts (Note 16)	93,613	10,193
Total	498,695	1,238,898

As at September 30, 2018, an allowance was made for estimated irrecoverable trade receivables of approximately \$18,000 (December 31, 2017: \$18,000).

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14. ACCOUNTS RECEIVABLE (CONT'D)

Reconciliation of allowance for doubtful account balances:

	<i>(Unaudited)</i> As at September 30, 2018	<i>(Audited)</i> As at December 31, 2017
	\$	\$
As at beginning of period/year	17,968	10,133
Allowance for the period/year	-	7,489
Exchange differences	(95)	346
As at end of period/year	<u>17,873</u>	<u>17,968</u>

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<i>(Unaudited)</i> As at September 30, 2018	<i>(Audited)</i> As at December 31, 2017
	\$	\$
Trade payables	46,345	115,736
Amounts due to customers on contracts (Note 16)	54,463	54,752
Deferred income	3,469	2,091
Accrued liabilities and receipt in advance	785,499	1,366,905
Total	<u>889,776</u>	<u>1,539,484</u>

Accrued liabilities consist mainly of accrued rental, professional fees and general administration expenses.

16. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	<i>(Unaudited)</i> As at September 30, 2018	<i>(Audited)</i> As at December 31, 2017
	\$	\$
Contract costs incurred plus recognized profits less recognized losses to date	237,675	99,481
Less: Progress billings	(198,525)	(144,040)
	<u>39,150</u>	<u>(44,559)</u>
Amount due from customers for contract work	93,613	10,193
Amount due to customers for contract work	(54,463)	(54,752)
	<u>39,150</u>	<u>(44,559)</u>

GINSMS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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The advances from an officer and related companies are unsecured, interest-free and repayable on demand.

18. PROMISSORY NOTE PAYABLE

	Total
	\$
As at January 1, 2017	436,000
Interest expenses for the year	48,000
As at December 31, 2017	<u>484,000</u>
Interest expenses for the period	36,000
As at September 30, 2018	<u>520,000</u>

For part of the acquisition of Inphosoft Group on September 28, 2012, the Corporation issued a \$400,000 non-interest bearing promissory note payable, due on the first year anniversary date of the closing date. The note had an initial present value of \$366,523 with accretion recorded at an annual interest rate of 6%. During the reporting period, the Corporation had negotiated with the note holder, Inphosoft Pte Ltd. ("IPL") on extending the due date on the note payable and IPL had agreed to extend the due date of the promissory note payable of \$400,000 to March 31, 2019. A simple interest of 12% per annum was charged and interest was accrued effective from April 1, 2016.

19. LOANS FROM RELATED PARTIES

		<i>(Unaudited)</i> As at September 30, 2018	<i>(Audited)</i> As at December 31, 2017
	Note	\$	\$
Non-current:			
Loan from a director	(a)	3,610,990	3,282,300
Loan from a related party	(b)	806,940	887,973
		4,417,930	4,170,273
Current:			
Loan from immediate parent	(c)	319,443	284,217
Total		<u>4,737,373</u>	<u>4,454,490</u>

All above loans from related parties are non-trade nature and unsecured.

- (a) The loans are from the Corporation's director, Mr. Joel Siang Hui Chin, and bear interest at 12% per annum (compounded daily based on a 365-day year) with effect from March 1, 2017 as compared to 24% per annum prior to March 1, 2017. Mr. Chin confirmed to the Corporation that he will not demand payment of the loans on or before September 30, 2019.

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19. LOANS FROM RELATED PARTIES (CONT'D)

- (b) The loan is from IPL, a shareholder of the Corporation, bears interest at 12% per annum (compounded daily based on a 365-day year) with effect from March 1, 2017 as compared to 24% per annum prior to March 1, 2017. A director of the Corporation, Mr. Joel Siang Hui Chin, and 2 directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL. During the quarter ended June 30, 2018, IPL agreed to the Corporation that they would convert the interest-bearing loan to interest free loan with effect from April 1, 2017 and reverse the loan interest payable from April 1, 2017 to March 31, 2018 in the quarter ended June 30, 2018. IPL confirmed to the Corporation that they will not demand payment of the loans on or before September 30, 2019.
- (c) The loan is from Xinhua Mobile, the immediate parent of the Corporation, and bears interest at 12% per annum (compounded daily based on a 365-day year) with effect from March 1, 2017 as compared to 28% per annum prior to March 1, 2017. During the reporting period, Xinhua Mobile agreed to extend the due date of the loan to March 31, 2019.

20. SHARE CAPITAL

Authorised:

Unlimited common shares

Unlimited preferred shares, non-voting, non-participating, non-cumulative dividends, redeemable and retractable at the amount paid.

Issued:

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	Nine months ended		Twelve months ended	
	September 30, 2018		December 31, 2017	
	Common shares	Amount	Common shares	Amount
Balance, beginning of period/year	149,793,861	11,415,709	142,630,169	10,484,429
Issuance of shares in a private placement	-	-	7,163,692	931,280
Balance, end of period/year	<u>149,793,861</u>	<u>11,415,709</u>	<u>149,793,861</u>	<u>11,415,709</u>

On April 10, 2017, the Corporation completed its non-brokered private placement with its controlling shareholder, Xinhua Mobile. The private placement resulted in the Corporation raising US\$700,000 and issuing 7,163,692 common shares to Xinhua Mobile at a subscription price of \$0.13 per common share.

21. COMMITMENTS

The Corporation has lease agreements outstanding for various terms up to May 15, 2020. Payments are to be incurred in SGD, MYR, the CDN equivalent as of September 30, 2018 is a total of \$93,579 (December 31, 2017: \$42,383), of which \$38,006 (December 31, 2017: \$42,383) is to be incurred within one year of the statement of financial position and \$55,573 (December 31, 2017: \$Nil) after one year and within five years.

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22. RELATED PARTY TRANSACTIONS

(a) The Corporation had the following related party transactions for the three and nine months ended September 30, 2018 and September 30, 2017:

	<i>(Unaudited)</i> Three months ended September 30, 2018	<i>(Unaudited)</i> Three months ended September 30, 2017	<i>(Unaudited)</i> Nine months ended September 30, 2018	<i>(Unaudited)</i> Nine months ended September 30, 2017
	\$	\$	\$	\$
Revenue and accounting fee income from a company controlled by a director	253,899	228,197	682,947	567,116
Cost of consignment stocks paid to a company controlled by a director	200	1,419	1,864	1,790
Accounting fee paid to an officer	14,670	13,644	54,051	52,162
Rent charged by a company controlled by a director	8,644	14,082	34,668	42,706
Interest charged on loan from a director	108,365	93,200	307,329	335,348
Interest waived on loan from a director of a subsidiary	-	-	-	(3,768)
Interest charged on loan from immediate parent	9,582	8,187	27,368	31,239
Interest charged (waived) on loan from other related parties	-	25,053	(77,174)	88,119
Interest charged on promissory note payable	12,000	12,000	36,000	36,000

The above transactions are in the normal course of operations at arms-length and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(b) The Corporation had the following related party balances at the end of the reporting period:

	Accounts receivable	Accounts payables and accrued liabilities	Advance payable	Promissory note payable	Loan payables
	\$	\$	\$	\$	\$
As at September 30, 2018 <i>(Unaudited)</i>					
Directors	-	(80,969)	(287,465)	-	(3,610,990)
An officer	-	(7,214)	-	-	-
Companies controlled by a director	227,110	(20,947)	(53,687)	-	-
Directors of subsidiaries	-	(1,937)	-	-	-
A related party	-	-	(56,358)	(520,000)	(806,940)
Immediate parent	-	-	-	-	(319,443)
As at December 31, 2017 <i>(Audited)</i>					
Directors	-	(80,974)	(418,319)	-	(3,282,300)
An officer	-	(4,601)	-	-	-
Companies controlled by a director	258,607	(41,121)	-	-	-
Directors of subsidiaries	-	(1,948)	-	-	-
A related party	-	-	(57,301)	(484,000)	(887,973)
Immediate parent	-	-	-	-	(284,217)

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22. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	<i>(Unaudited)</i> Three months ended September 30, 2018 \$	<i>(Unaudited)</i> Three months ended September 30, 2017 \$	<i>(Unaudited)</i> Nine months ended September 30, 2018 \$	<i>(Unaudited)</i> Nine months ended September 30, 2017 \$
Salaries and related costs	96,090	90,263	287,135	273,357
Accounting fees	14,670	13,644	54,051	52,162
Contributions to defined mandatory contribution funds	8,817	8,580	26,448	26,021
	119,577	112,487	367,634	351,540
Directors' fees	-	-	-	-
Total	119,577	112,487	367,634	351,540

23. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries as at September 30, 2018 are as follows:

Name	Place of incorporation / registration and operation	Particular of Issued share capital	Percentage of ownership interest / voting power / profit sharing		Principal activities
			Direct	Indirect	
Inphosoft Group Pte Limited	Singapore	1,000,000 ordinary shares of SGD1,614,500	100%	-	Investment holding
Inphosoft Singapore Pte Ltd.	Singapore	300,000 ordinary shares of SGD300,000	-	100%	Provision for project management consultancy services and information technology services and solutions.
GIN International Limited	Hong Kong	100 ordinary shares of HKD100	-	100%	Provision for short message services

24. APPROVAL OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim consolidated financial statements were approved and authorised for issue by the Board of Directors on November 12, 2018.