

**GDS consolidated 6 month results**

Global Digital Services PLC (STC) announces the consolidated six month results ending 30th September 2013.

Attachment:

1. **GDS consolidated 6 month results**

**Non Regulated**

Publication Date: 31/03/2014

**GLOBAL DIGITAL SERVICES PLC**

***Registration Number: C 58683***

**CONSOLIDATION OF INTERIM FINANCIAL STATEMENTS**

***For the financial period ended 30 September 2013***

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# GLOBAL DIGITAL SERVICES PLC

## STATEMENT OF COMPREHENSIVE INCOME

*For the financial period ended 30 September 2013*

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	Note	19 Dec 2012 to 30 Sep 2013 EUR
Revenue		723,553
<b><u>Other Items of Income</u></b>		
Other Income		-
Less Cost of Sales		2,799,329
<b>Gross Loss</b>		<b>2,075,776</b>
<b><u>Other Items of Expense</u></b>		
Other Expenses	8	1,017,036
<b>Loss Before Tax from Continuing Operations</b>		<b>(3,092,812)</b>
Income Tax Benefit (Expense)		-
<b>Loss from Continuing Operations, Net of Tax</b>		<b>(3,092,812)</b>
<b>Loss Net of Tax</b>		<b>(3,092,812)</b>
<b>Total Comprehensive Income</b>		<b>(3,092,812)</b>

*The accompanying notes form an integral part of these financial statements*

# GLOBAL DIGITAL SERVICES PLC

## STATEMENT OF FINANCIAL POSITION

For the financial period ended 30 September 2013

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	Note	19 Dec 2012 to 30 Sep 2013 EUR
<b>ASSETS</b>		
<b><u>Fixed Assets</u></b>		71,428
Less Accumulated Depreciation		<u>(55,979)</u>
<b>Total Fixed Assets</b>		<b>15,449</b>
<b><u>Other Assets</u></b>		
Total Research & Development		2,893,692
Accumulated Amortization – R&D		<u>(691,688)</u>
<b>Total of Other Assets</b>		<b>2,002,003</b>
<b><u>Non-Current Assets</u></b>		
Investment In Subsidiary Company	7	15,058,000
Trade Receivables	4	<u>1,284,535</u>
<b>Total Non-Current Assets</b>		<b>16,342,535</b>
<b><u>Current Assets</u></b>		
Cash at Bank	5	14,133
<b>Total Current Assets</b>		<b>14,133</b>
<b>Total Assets</b>		<b>18,374,119</b>
<b>LIABILITIES</b>		
<b><u>Current Liabilities</u></b>		
Trade and Other Payables, Current		6,216,931
<b>Total Liabilities</b>		<b>6,216,931</b>
<b>Total Net Assets</b>		<b><u>12,157,188</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity</b>		
Share Capital	6	15,250,000
Retained Earnings		<u>(3,092,812)</u>
<b>Total Equity</b>		<b><u>12,157,188</u></b>

The accompanying notes form an integral part of these financial statements

## GLOBAL DIGITAL SERVICES PLC

### STATEMENT OF CHANGES IN EQUITY

*For the financial period ended 30 September 2013*

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	Note	Total Equity	Share Capital	Retained Earnings (Accumulated Losses)
		EUR	EUR	EUR
Issuance of Ordinary Shares		15,250,000	15,250,000	-
Total Comprehensive Income for the Period		(3,092,812)	-	(3,092,812)
Closing Balance at 31/10/2013		15,157,188	15,250,000	(3,092,812)

*The accompanying notes form an integral part of these financial statements*

# GLOBAL DIGITAL SERVICES PLC

## STATEMENT OF CASH FLOWS

For the financial period ended 30 September 2013

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	Note	19 Dec 2012 to 30 Sep 2013 EUR
Cash Flows From Operating Activities		
Loss before Tax		(3,092,812)
Operating Cash Flows before Changes in Working Capital		(3,092,812)
Total Changes in Working Capital		-
Trade and Other Payables		-
Cash Flows Used In Operations		(3,092,812)
Net Cash Flows Used In Operating Activities		(3,092,812)
Cash Flows From Investing Activities		
Acquisition of a Subsidiary		(15,000,000)
Repayment from/ (Advances to) a Related Party		(235,887)
Net Cash Flows From (Used In) Investing Activities		(15,235,887)
Cash Flows From Financing Activities		
Issuance of Ordinary Shares		15,250,000
Net Cash Flows From Financing Activities		15,250,000
Net Increase in Cash and Cash Equivalents		14,113
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	5	14,113

*The accompanying notes form an integral part of these financial statements*

# GLOBAL DIGITAL SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENT

*For the financial period ended 30 September 2013*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### **1 Corporate Information**

Global Digital Services PLC is domiciled and incorporated in Malta. The company's registered office and principal place of business are located at 5/1, Merchant Street, Valletta VLT1171. Malta.

The principal activities of the company are those relating to investment holding. Its wholly owned subsidiary, Sitetalk Community Inc, incorporated in the Cayman Islands, is in the business of operating a social network website.

### **2 Significant Accounting Policies**

#### Basis of Accounting

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

The financial statements expressed in Euro ("EUR") are prepared in accordance with the historical cost convention except as disclosed, where appropriate, in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro, which is the company's functional and presentation currency.

All financial information presented are denominated in Euro unless otherwise stated.

#### Interest Income

Interest income is recognized on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the company reduced the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest of the instrument, and there after amortising the discount as interest income.



# GLOBAL DIGITAL SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENT

*For the financial period ended 30 September 2013*

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### Income Taxes

#### (a) Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting year.

No current taxes are recognised in profit or loss.

#### (b) Deferred Tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting year.

No deferred taxes are recognised in the profit or loss.

### Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

## **GLOBAL DIGITAL SERVICES PLC**

### **NOTES TO THE FINANCIAL STATEMENT**

*For the financial period ended 30 September 2013*

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All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

#### *Loans and Receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

#### Impairment of Financial Assets

The company assesses at end of each reporting year whether there is any objective evidence that a financial asset is impaired.

#### *Assets Carried at Amortised Cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset. To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### Cash and Cash Equivalents

This includes cash on hand and deposits with financial institutions.

## **GLOBAL DIGITAL SERVICES PLC**

### **NOTES TO THE FINANCIAL STATEMENT**

*For the financial period ended 30 September 2013*

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#### Financial Liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is extinguished.

#### Revenue Recognition

Revenue is the gross inflow of economic benefits during the financial year arising in the course of the ordinary activities when those inflows result in increase in equity, other than increases relating

to contributions from equity participants. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Provision of Services

Revenue from the provision of services is recognised when the amount of revenue can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the company and the stage of completion of the transaction at the statement of financial position date can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

#### Management Fee

Management fee is recognised on the accrual basis based on a flat rate charged to subsidiary company, Sitetalk Community Inc.

#### Provisions

A provision is recognised when there is a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

#### Critical Judgements, Assumptions and Estimation Uncertainties

There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# GLOBAL DIGITAL SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENT

*For the financial period ended 30 September 2013*

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### **3 Related Party Relationships and Transactions**

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key

management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### **3.1 Related Companies:**

The company is wholly owned subsidiary of MLDS Inc and Singlewin Commercial Limited.

Related Companies in these financial statements are the members of the company's group of companies. There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements.

The current intercompany balances are unsecured, without fixed repayment terms and interest unless stated otherwise.

#### **3.2 Other related parties:**

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured, without fixed repayment terms and interest free unless stated otherwise.

# GLOBAL DIGITAL SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENT

For the financial period ended 30 September 2013

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### 4 Trade and Other Receivables

	Note	19 Dec 2012 to 30 Sep 2013 EUR
Trade Receivable		1,284,535

### 5 Cash and Cash Equivalents

This represents bank balances.

As at 30 Sep 2013, cash and cash equivalents denominated in Euro dollars 14,133.

### 6 Share Capital

Issued and Fully Paid	No. of Shares	19 Dec 2012 to 30 Sep 2013 EUR
Issuance of ordinary shares	1,500,250,000	15,250,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions.

#### Capital Management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of debt and equity balance.

The capital structure of the company consists of debt and equity comprising issued capital.

The management reviews the capital structure on an ongoing basis. As a part of the review, the management considers the cost of capital and the risks associated with each class of capital. Based on the recommendation of the management, the company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debt.

# GLOBAL DIGITAL SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENT

For the financial period ended 30 September 2013

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### 7 Investment In Subsidiary Company

	19 Dec 2012 to 30 Sep 2013 EUR			
Unquoted shares, at cost	15,000,000			
Direct Interest				
<u>Subsidiary</u>	<u>Principal Activity</u>	<u>Country of Incorporation</u>	<u>% of Equity held</u>	<u>Investment</u>
Sitotalk Community Inc	Investment	Cayman Island	100	15,000,000

On 30 Jul 2013, the company acquired an 100% interest in Sitotalk Community Inc.

### 8 Expenses By Nature

	19 Dec 2012 to 30 Sep 2013 EUR
Amortization Expense	244,419
Bank Charges	498
Depreciation Expense	9,921
Dues and Subscriptions Expense	393
Legal and Professional Expense	21,034
Consultancy Fee	150,000
Prof Service-Secretarial Fee	5,734
Prof Service-Accounting Fee	6,346
Server Maintenance Exp	21,698
Sponsorship	100,000
Cost Recovery for Subsidiary	160
Management Fees	453,728
Realised Currency Gain/Loss	804
Gateway Fee	2,302
<b>Total of expenses</b>	<b>1,017,036</b>

# GLOBAL DIGITAL SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENT

For the financial period ended 30 September 2013

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### 9 Related Parties Disclosures

	19 Dec 2012 to 30 Sep 2013 EUR
Transactions	
<i>Immediate Holding Company</i>	
- Payment made on behalf for Immediate Holding Company	12,689
<i>Subsidiary Company</i>	
- Management fee	11,000
- Payment made on behalf for Subsidiary Company	5,469

### 10 Financial Risk Management Objectives and Policies

The main risks from the company's financial instruments are liquidity risk and credit risk. The policies for managing each of these risks are summarised below.

#### Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as and when they fall due. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company reviews its working capital requirements to assess the adequacy of cash and cash equivalents to finance the operations.

#### *Analysis of Financial Instruments by Remaining Contractual Maturities*

The table below summaries the maturity profile of the company's financial assets and liabilities at the end of the reporting year based on contractual undiscounted repayment obligations.

	1 Year or Less	30-Sep-13 Total Contractual Cash Flow
<i>Financial assets</i>	<b>EUR</b>	<b>EUR</b>
Trade and other receivables	1,284,535	1,284,535
Cash and cash equivalents	14,133	14,133
	<b>1,298,668</b>	<b>1,298,668</b>
<i>Financial liabilities</i>		
Trade and other payables	6,216,931	6,216,931
Total net undiscounted financial liabilities	(4,918,263)	(4,918,263)

# GLOBAL DIGITAL SERVICES PLC

## NOTES TO THE FINANCIAL STATEMENT

*For the financial period ended 30 September 2013*

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### *Credit Risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a party default on its obligations.

### *Exposure to Credit Risk*

The company does not have exposure to credit risk arising from trade and other receivables. For other financial assets (including cash and cash equivalents), the company minimises credit risk by dealing exclusively with high credit rating parties.

At the end of the reporting year, the company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The company trades only with recognised and creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

The company does not have any significant concentration of credit risk.

### **11 Fair Value of Financial Assets and Financial Liabilities**

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities and amounts payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

### **12 Approval of interim financial statements**

The interim financial statements were approved by the board of director on 31 Oct 2013.