GINSMS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Twelve-Months Ended March 31, 2012 and 2011

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Prepared July 27, 2012

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SECTION 1.1:DATE AND GENERAL INFORMATION

This management's discussion and analysis ("MD&A") of GINSMS ("GINSMS" or the "Company") has been prepared by management and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the period ending March31, 2012 which were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's Audit Committee has reviewed and approved this MD&A.

This MD&A was prepared as of July 27, 2012. Additional information regarding the Company is available on SEDAR at www.sedar.com. All monetary amounts set forth in the MD&A are expressed in Canadian dollars, except where otherwise stated.

Caution Regarding Forward-Looking Information

Certain information included in this MD&A may contain forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", or "continue" or the negative thereof or variations thereon or similar terminology. These statements are not historical facts, but reflect management's current beliefs and are based on information currently available to management regarding future results and events. Particularly, these forward-looking statements are based on management's estimate of future events based on technological advances relating to the Company's services, current market conditions and past experiences of management in relation to how certain contracts will affect revenues. Forward-looking statements, by their very nature, involve significant risks, uncertainties and assumptions.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to dependence on major customers ,system failures, delays and other problems, increasing competition, security and privacy breaches, dependence on third-party software and equipment, adequacy of network reliance, network diversity and backup systems, loss of significant information, insurance coverage, capacity limits, rapid technology changes, market acceptance, decline in volume of attractions, retention of key members of the management team, success of expansion into Chinese markets, credit risk, consolidation of existing customers, dependence on required licenses, Hong Kong's economy and politics, conflicts of interest and residency of directors and officers. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Company cannot assure the reader that actual results will be consistent with these forward-looking statements.

In particular, forward-looking statements include the following assumptions:

- the Company's belief that the availability of 3G services in China will boost the demand for data related services
- the Company's belief that its IOSMS technology offers the best alternative for efficient and low-cost delivery of SMS as it allows businesses and organizations to reach mobile

telephone users via its current SMS platform without having to build a new web-based gateway;

- management’s belief that it is able to maintain a relatively stable pricing for customers
- management’s belief that the Company is able to generate sufficient amounts of cash to fulfill the working capital requirements of its present operations and
- management’s belief that, notwithstanding unforeseen events, based on past experience, there is a certain level of short term predictability in regard to SMS traffic going through GINSMS’ platform in Hong Kong and it is therefore reasonable to expect management to extrapolate on traffic numbers because of this from time to time.

These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements. All forward-looking statements contained in this MD&A are qualified by this cautionary statement.

Preface

GINSMS Inc. was incorporated on March 20, 2009 and owns through its wholly-owned subsidiary, Global Edge Technology Ltd. (“GET”), all of the issued and outstanding shares of GIN International Ltd. (“GIN”). GIN is a technology services company, focused on providing inter-operator short messaging services (“IOSMS”) to mobile telecom operators in Hong Kong. GIN was founded in 2002 and received a public non-exclusive telecommunications service license (“PNETS”) from the Office of the Telecommunications Authority (“OFTA”), the governing body for the telecommunications sector in Hong Kong, to provide IOSMS in Hong Kong.

IOSMS is a short message services (“SMS”) gateway providing connections between all mobile and fixed line operators. The gateway identifies the recipient’s operator ID and delivers the message to the corresponding operator’s SMS gateway. IOSMS’ function is to identify and deliver an SMS correctly. GINSMS has agreements with various telecommunications operators in Hong Kong. These operators are charged a fee based on traffic relayed through GIN’s IOSMS gateway.

SECTION 1.2:OVERALL PERFORMANCE – DESCRIPTION OF THE BUSINESS

The Company is dedicated to becoming a significant IOSMS company in key regions of Asia, mainly Hong Kong and China, through its hub centre located in Hong Kong. In late 2008, GIN carried out a series of system upgrades to improve business efficiency and system capability. The new system became fully operational in the first quarter of fiscal year 2010 and is capable of handling 10 times as much traffic as compared to the previous IOSMS system. The acquisition of this new system was funded through internally generated funds.

After raising approximately $1.7 million in December 2009 through an Initial Public Offering (“IPO”) of common shares, the Company has predicated on capturing a growing share of the Hong Kong market and penetrating the China market for inbound traffic into the country. With the formation of a Wholly-Owned Foreign Enterprise (“WOFE”) in China in July 2010, the

Company has positioned itself to benefit from the advantages and the flexibility such a vehicle offers to expand into the China market either directly or through partners or through acquisitions. On July 22, 2010, the Company opened an office in Guangzhou**,** China and in so doing, acquired some equipment for the office. Capturing additional market share in Hong Kong, however, has proven to be more difficult than expected because of aggressive pricing on the part of Company’s competitor. More efforts will therefore be devoted toward growth through mergers and acquisitions via the WOFE or as is now the case with the planned acquisition of Inphosoft (see information below) more directly, in international markets.

There are only two IOSMS hubs in Hong Kong, namely GINSMS and CITIC Telecom International (:CITIC”) (formerly CITIC 1616 Holdings Limited). CITIC is a subsidiary of CITIC Pacific Limited, a large and strongly capitalized public company with a large portfolio of diversified businesses operating around the world. GINSMS’ market share over the past several years has generally declined due to CITIC’s strong human and financial resources. However, GINSMS has been able to operate profitably for the most part since its formation in 2002 but starting in fiscal 2011 when expenses relative to the acquisition of Inphosoft started to accumulate, combined with the recent decline in SMS traffic, particularly in the last two quarters of fiscal 2012, the Company reported losses both in fiscal 2011 and fiscal 2012 Starting in 2010, however, when traffic started to decline due to the emergence of web-based services, the Company began to experience losses as margins could not compensate for the drop in traffic. GINSMS’ customers include all the mobile operators and a major fixed line operator in Hong Kong.

GINSMS has always maintained a close relationship with its customers who find substantial benefits in routing SMS through the two hubs in spite of the dominating position of our competitor. In the past, however, management of GINSMS’ predecessor company had not been aggressive in the marketing of its IOSMS platform due to limited financial resource. Given a strong expansion of global SMS transmission and taking into account the opportunities brought about by the coming on stream of 3G technology and the potential of this for value-added services (VAS), management had planned to increase its attention on marketing and enhancing the quality of services. Expansion through VAS, however, has proven more difficult than predicted. One new platform, namely the K Matrix platform, a marketing tool acquired in January 2010 to create bulk SMS and email campaigns and a new revenue stream, had to be abandoned as the platform’s future economic benefits were deemed minimal. By the fourth quarter of the previous fiscal year, the investment in the K Matrix software had been fully expensed with a considerable impact on gross profit margin. K Matrix was supposed to work together in a compatible mode with the Nice Plan platform which had just been acquired in December 2009.

Along with the demise of the K Matrix platform but not because of it, the Nice Plan platform, as mentioned in the previous MD&A, also had to be abandoned. Nice Plan was expected to provide front-end, web interface extension of the Company’s SMS gateway allowing the Company to serve corporate clients over the internet. The Company later notified Nice Plan that it was not satisfied with the system and required Nice Plan to make certain modifications to the system software to optimize its performance. As at year end 2011, Nice Plan had yet to fully complete and deliver the requested modifications. Consequently, the Company requested and obtained a full refund of its deposit of HK$3,500,000 (CDN $436,899). Such refund was received by the Company in June 2011.

SECTION 1.3: PERFORMANCE HIGHLIGHTS FOR THE THREE AND TWELVE MONTHS ENDED MARCH 31, 2012

- During the twelve-month period ended March 31, 2012, GINSMS incurred substantially higher professional and consultancy fees resulting from its planned acquisition of Inphosoft Group Pte Ltd, a Singapore IT mobile middleware solutions developer for mobile network operators ("MNOs"), financial institutions, media companies and enterprises, for a total consideration of $11.6 million, later reduced to $11.3 million which has now been reduced to $11.3 million (see Section 1.16 for details). This increase in professional and consultancy fees combined with lower revenue affected EBITDA for the quarter ended March 31, 2012 which dropped by $291,671 compared to a negative $325,987 during the corresponding quarter the previous year. For the twelve-month period, EBITDA was a negative $345,348, compared to a positive EBITDA of $15,847 for the corresponding period the previous year.

- Volume of inter-SMS traffic for the three-month period ended March 31, 2012 was down by 25.8% to 28.2 million from the same period the previous year. When compared to the previous quarter ended December 30, 2011, traffic is down by 11.4%. GINSMS believes that this downward trend in SMS traffic is partly caused by cellphone users migrating to mobile instant messaging ("MIM") applications such as Research in Motion's BlackBerry Messenger ("BBM"), Apple's Imessage or other cross-platform mobile messaging applications such as WhatsApp. This migration enables smart phone users to send MIM using device data channel or WI-FI.

- Gross margin improved slightly during the fourth quarter to 55.0% from 50.5% during the corresponding quarter the previous due principally to savings from the disposal of the K-Matrix platform. For the twelve-month period, gross margin improved from 55.8% during the corresponding period the previous year to 60.9%.

- As a result of the expenses incurred for the acquisition of Inphosoft, liquidity weakened with a working capital of $614,907 as at March 31, 2012, compared to $957,343 as at March 31, 2011. The working capital ratio declined from 12.3 times at year-end to 5.1 times respectively.

SECTION 1.4: RESULTS OF OPERATIONS

Financial Highlights	**Three-month period ended March 31, (Unaudited)**		**Year ended March 31, (Audited)**	
	2012	**2011**	**2012**	**2011**
Revenues $	**158,652**	**179,542**	**686,934**	**785,615**
Cost of sales $	(71,378)	(88,845)	(268,454)	(347,184)
Gross profit $	87,274	90,967	418,480	438,431
Gross margin	55.0%	50.5%	60.9%	55.8%
EBITDA (1) **$**	**(325,987)**	**(34,316)**	**(345,348)**	**15,847**
EBITDA margin	(205.5)%	N/A	(50.3)%	2.0%
Net earnings $	**(367,239)**	**(60,616)**	**(493,704)**	**(96,536)**
Net earnings margin	(231.5)%	(33.8)%	(71.9)%	(12.3)%

(1) EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation and amortization (share-based compensation included).

	Consolidated as at March 31, 2012 (Audited))(1)	Consolidated as at March 31, 2011 (Audited	Consolidated as at April 1, 2010 (Audited))(2)
Total assets $	**883,952**	**1,256,568**	**1,652,884**
Total liabilities $	**157,577**	**108,119**	**315,917**
Shareholders' equity $	**726,375**	**1,148,449**	**1,296,531**
Net earnings (loss) per share $			
Basic	0.00	0.00	0.00
Diluted	0.00	0.00	0.00

(1) The figures reported above are based on the consolidated interim financial statements of the Company which have been prepared in accordance with international Financial Reporting. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in notes 15 of the financial statements.

(2) The figures reported above are based on the Company's opening IFRS statement of financial position at that date as required by the rules for presentation of the interim financial statements under IFRS for the first time. There were no adjustments to the financial position of the Company under IFRS as compared to under Canadian GAAP except for the Accumulated Comprehensive Loss which was charged to Retained Earnings. Under IFRS 1, the Company is allowed an option exemption to deem the cumulative translation differences for all foreign operations to be deemed $nil at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. The Accumulated Comprehensive Loss as at March 31, 2010 amounted to $165,732.

Financial Review for the Three- and Twelve-Month Period ended March 31, 2012

The table below outlines the changes in the major categories:

	Three month period March 31, 2012 $	Three month period March 31, 2011 $	Twelve month period March 31, 2012 $	Twelve month period March 31, 2011 $
Selling, General & Admin	413,261	125,013	763,828	422,584
Amortization	26,148	25,509	103,077	105,906
Net Earnings (loss) per share				
Basic	(0.01)	(0.00)	(0.01)	0.01
Diluted	(0.01)	(0.00)	(0.01)	0.01

Revenue for the third quarter ending March 31, 2012 was $158,652, representing a reduction of 11.6% over revenue of $179,542 reported during the same three-month period the previous year. The reduction in revenue is due essentially to a 25.1% drop in SMS traffic during the quarter, compared to the corresponding quarter the previous year. As explained in more detail below under "Summary of Quarterly Results", GINSMS believes that the lower trend in SMS traffic is partly caused by cellphone users migrating to MIM applications such as Research in Motion's BBM, Apple's Imessage or other cross-platform mobile messaging applications such as WhatsApp, IM+, Skype or Google Talk. This migration enables smart phone users to send MIM using device data channel or WI-FI. Given that most smart phone users now have inclusive data plans they can forward their MIM at a fraction of the cost required to send an SMS. Also, as reported in previous quarters, during the last two years, Hong Kong MNOs have been upgrading their networks from 2G to 3G causing network down time and interruptions. Finally, aggressive relay fee promotions adopted by GINSMS' competitors added additional downward pressure on SMS traffic volume (more details under Summary of quarterly results on page 13).

Management anticipated this downward trend in SMS traffic and took steps to encourage SMS usage through, in part, the implementation of a new pricing structure and the introduction of bundled fees. GINSMS' management also believed that the addition of VAS to its service offering would create new revenue streams and stimulate growth. To this end, GINSMS initially decided in 2010 to acquire an e-mail marketing platform called K-Matrix eM developed by K-Matrix Group, a Hong Kong based developer of analytics tools and systems for gathering digital intelligence. This platform however eventually proved to be too onerous to implement and was later abandoned.

Following GINSMS' decision not to proceed with the acquisition of the K-Matrix marketing platform, GINSMS initiated discussions with Inphosoft Group Pte Ltd ("Inphosoft"), a Singapore IT mobile middleware solutions developer for MNOs, financial institutions, media companies and enterprises which provides innovative mobile data services and solutions. These discussions led on January 12, 2012 to a definitive agreement between the two parties whereby GINSMS will, subject to regulatory and exchange approval, acquire 100% of the shares of Inphosoft for a consideration of $11.3 million (see section 1.16 for additional details about this transaction).

With the addition of Inphosoft, the Company will be able to immediately introduce a series of VAS that will enhance GINSMS' product offering and transform it into an innovative revenue-powering mobile service and solution provider. GINSMS expects that the acquisition will boost its revenue in Hong Kong and create renewed interest on its IOSMS platform. The acquisition of Inphosoft will result in synergies and immediate cost savings as Inphosoft is expected to take over software maintenance work associated by the Company's IOSMS platform.

Comparisons of Traffic (Inter-SMS) and Total Charges for Past Eight Quarters								
	Q1/FY11	Q2/FY11	Q3/FY11	Q4/FY11	Q1/FY12	Q2/FY12	Q3/FY12	Q4/FY12
Traffic	34,401,824	34,007,952	32,678,329	31,431,278	33,701,750	34,371,080	28,232,252	25,013,562
% increase	-1.0%	-.1.0%	-.96%	-.96%	7.2%	1.9%.	17.9%	-11.4%

Net income for the quarter dropped by more than 500% to $367,239. .This is due to two main factors (i) a near five-fold increase in professional fees and (ii) a four-fold increase in consultancy fees. The length and complexity of the negotiations leading to the acquisition of Inphosoft and the requirements and conditions imposed by the TSXV on GINSMS to complete the acquisition of Inphosoft have resulted in a substantial increase in the professional fees of GINSMS which jumped from $48,030 in the fourth quarter of fiscal 2011 to $258,439 during the fourth quarter of the current fiscal year. Also as a result of the contemplated acquisition and the need to obtain the services of an agent, namely Raymond James Ltd, and a business valuation firm, namely BDO Canada LLP, as required by the TSX Venture Exchange, consultancy fees also increased substantially, jumping from $21,233 in the fourth quarter of fiscal 2011 to $84,146 during the fourth quarter of fiscal 2012. The increase in professional and consultancy fees accounted for 89.2% of the increase in the loss of $367,239 recorded in the fourth quarter this year. Also affecting results in the fourth quarter is a share-based compensation charge of $29,429. This larger-than-normal quarterly charge is the result of a resolution by the Board of Directors in January modifying the initial vesting period of the options granted to the directors of the company to make such options immediately vested and exercisable. Salaries and wages were up by 44.6%, the result principally of an increase in the workload due to the planned acquisition of Inphosoft, necessitating a temporary adjustment in compensation.

For the twelve month period ended March 31, 2012, revenue dropped by 12.6% to $686,934, compared to the corresponding period the previous year. The drop in revenue reflect the 4.3% decline in SMS traffic during the twelve-month period ended March 31, 2012, compared to the same period the previous year. As mentioned previously, GINSMS believes that this downward trend in SMS traffic is partly caused by cellphone users migrating to MIM applications such as Research in Motion's BBM, Apple's Imessage or other cross-platform mobile messaging applications such as WhatsApp. This migration enables smart phone users to send MIM using device data channel or WI-FI. Given that most smart phone users now have inclusive data plans they can forward their MIM at a fraction of the cost required to send an SMS. In addition, Hong Kong MNOs have been upgrading in the last year their 2G networks to 3G causing network down time and interruptions.

Net losses for the twelve-month period this fiscal year were $493.704, an increase of 411% over the losses of $96,536 recorded during the corresponding quarter the previous year. Gross profit increased from 55.8% to 60.9% accompanied by a 22.7% drop in the cost of sales due in part to the cancellation of the purchase of the K-Matrix eM marketing platform which did not meet the Company's expectations. The main reason for the increase in losses was the substantial increase in professional and consultancy fees incurred by the Company with respect to the acquisition of Inphosoft which increased by 164.2% to $460,182. Share-based compensation charge totalling $43,727 also negatively affected results more than usual as explained above.

EBITDA (earnings before interest, taxes, depreciation and amortization) is a useful indicator in measuring the Company's ability to sustain long term viable operations while resources are used to grow the Company in a difficult environment. EBITDA for the three-month period ended March 31, 2012 amounted to a negative $325,987 compared to a negative EBITDA of $34,316 for the corresponding period the previous year. For the twelve-month period also ended on March 31, 2012, EBITDA was a negative $345,348, compared to a positive $15,847 the previous year. The incidence on net earnings resulting from the substantial increase in both professional and consultancy fees is the main reason for the drop in EBITDA for both periods.

SELECTED BALANCE SHEET INFORMATION

Total assets, including cash, accounts receivable, prepaid expenses, property and equipment and other assets as at March 31, 2012 totalled $883,952, representing a decline of 29.7% or $372,616 over the assets reported at the end of fiscal year 2011. Lower total assets reflect a 26.6% decline in current assets which amounted to $764,649, and a decline of 44.4% in fixed assets to $119,303 as further depreciation took effect. Lower current assets principally reflect a much lower cash position due to the cost of the transaction for the acquisition of Inphosoft.

With the lower cash position, liquidity contracted during fiscal 2012 with working capital dropping by $342,436 to $614,907 as at March 31, 2011. The working capital ratio declined from 12.3 times to1 to 5.1 times to 1.

Current assets continues to be well distributed with cash on hand representing 71.8%, accounts receivable 19.1% and prepaid expenses 9.1%.

Shareholders' equity as at March 31, 2012, stood at $726,375 and is down by 36.8% over fiscal year 2011. With the loss for the year, the deficit increased by $493,704 to $608,797 compounded by a comprehensive loss of $23,645, compared to a comprehensive loss of $51,546 the previous year.

The table below sets out the Company's assets, liabilities and shareholders' equity based on the audited financial statements of the Company as at March 31, 2012

	March 31, 2012 (Audited) $	March 31, 2011 (Audited) $	April 1, 2010 (Audited)[1]
Current assets			
Cash	**548,752**	**422,871**	444,271
Accounts receivable	146,238	148,277	317,196
Prepaid expense	69,659	33,952	103,739
Deposit (2)	-	436,894	-
	764,649	**1,041,994**	865,206
Fixed Assets			
Property & equipment	119,303	214,574	323,548
Deposit (2)			464,130
Total Assets	**883,952**	**1,256,568**	1,652,884
Current Liabilities			
Accounts payable and accrued liabilities	149,742	67,116	258,089
Due to a shareholder	-	-	22,439
Income taxes payable	-	17,535	35,389
	149,742	84,651	315,917
Future income tax liability	7,835	23,468	40,436
Total liabilities	**157,577**	**108,119**	**356,353**
Shareholders' Equity			
Share capital	929,386	929,386	929,386
Reserve	429,431	-	
Warrants	-	385,702	385,702
Accumulated comprehensive loss	(23,645)	(51,546)	-
Retained earnings	(608,797)	(115,093)	(18,557)
	726,735	**1,148,449**	**1,296,531**
Total shareholders' equity	**883,952**	**1,256,568**	**1,652,884**

(1) The figures reported above are based on the Company's opening IFRS statement of financial position at that date as required by the rules for presentation of the interim financial statements under IFRS for the first time. There were no adjustments to the financial position of the Company under IFRS as compared to under Canadian GAAP except for the Accumulated Comprehensive Loss which was charged to Retained Earnings. Under IFRS 1, the Company is allowed an option exemption to deem the cumulative translation differences for all foreign operations to be deemed $nil at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. The Accumulated Comprehensive Loss as at March 31, 2010 amounted to $165,732.

(2)On December 29, 2009, the Company, through GET, entered into a sale and purchase agreement with Nice Plan Development Limited ("Nice Plan") for the purchase of a new e-mail and SMS platform enabling, among other things, the Company to support multiple interface connections and SMS deliveries to over 1,000 countries. As explained above, the Nice Plan purchase contract was cancelled and the deposit was returned in June 2011 and was classified as current assets.

The following table summarizes the accounts payable and receivable overdue as at March 31, 2012 compared to March 31, 2011, the Company's financial year end, and April 1, 2010, the date of the opening balance sheet prepared according to IFRS.

Accounts payable	Total $	30 Days $	31 to 90 Days $	Over 90 Days $
As at March 31, 2012	146,241	112,903	23,406	9,932
As at March 31, 2011	67,116	55,984	1,477	9,655
As at April 1, 2010	258,089	78,643	7,847	171,599
Accounts receivable	**Total $**	**30 Days $**	**31 to 90 Days $**	**Over 90 Days $**
As at March 31, 2011	146,238	146,238	-	-
As at March 31, 2011	148,277	60,851	87,280	146
As at April 1, 2010	317,196	78,474	105,406	133,316

Accounts payable arise in the normal course of business, and all amounts are due within three months or less of the statement of financial position date except for $9,932 as of March 31, 2012 (March 31, 2011 – $9,655) which are due between three and twelve months of the statement of financial position date. Income taxes payable are due within twelve months of the statement of financial position date.

Of significant individual accounts receivable as at March 31, 2012 approximately 74 percent was owed from four customers (March 31, 2011 – 80 percent was owed from four customers).

The Company 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 carrying amount of cash and cash equivalents and accounts receivable represents the Company's maximum credit exposure.

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. No loss has been charged to earnings in the current period.

SECTION 1.5: SUMMARY OF QUARTERLY RESULTS

The quarterly information set forth below has been presented on the same basis as the audited consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the audited consolidated financial statements and the notes thereto.

$	Q1/FY11	Q2/FY11	Q3/FY11	Q4FY11	Q1/FY12	Q2/FY12	Q3/FY12	Q4/FY12
Sales	208,787	202,065	195,221	179,542	181,810	182,444	164,028	158,652
Operating Expenses*	159,182	260,157	216,968	239,367	158,530	226,016	254,326	540,216
Net Earnings Before Income Taxes	49,605	(58,092)	(21,747)	(59,825))	23,280	(43,572)	(90.298)	(381,564)
Income Taxes	(10,057)	8,686	(13,057)	791	6,771	621	(9,725)	14,325
Net Earnings	39,548	(66,778)	(8,690)	(60,616)	16,509	(42,951)	(100,023)	(367,239
Net Earnings (per share)								

Basic	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Diluted	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Represent the sum of cost of sales selling, general and administrative expenses, amortization and unrealized foreign exchange.

GINSMS charges its customers based on the number of SMS sent, subject to monthly minimum bundle fees. On March 1, 2008, GIN reduced its charge per SMS but increased bundle fees to protect its business against idle or minimal usage system capacity. In the fourth quarter of fiscal 2011, there have been some changes in charges per SMS and bundle fees to encourage usage so that when SMS traffic reaches beyond a certain threshold the result is, expectedly, an increase in the level of net charges collected at no additional cost to operating the IOSMS platform.

Comparisons of Traffic (Inter-SMS) and Total Charges for Past Eight Quarters								
	Q1/FY11	Q2/FY11	Q3/FY11	Q4/FY11	Q1/FY12	Q2/FY12	Q3/FY12	Q4/FY12
Traffic	34,401,824	34,007,952	32,678,329	31,431,278	39,431,484	34,371,080	28,232,252	25,013,562
% increase	-1.0%	-.1.0%	-.96%	-.96%	25.4%	-12.8%	-17.9%	-11.4%

Traffic volume for the three months ended March 3, 2012 was 25,013,562, down by 25.8%.over the 32,678,329 reported for the corresponding period the previous year. As compared to the previous quarter, traffic was down 11.4%. Over the past several months traffic GINSMS was directly impacted by technical problems experienced by one of the mobile operators which affected the automatic re-routing of traffic as configured by a system of redundancy set to handle abnormal traffic burst. The problem has been fixed and the mobile operator has recently resumed normal traffic.

As can be seen from the above table, to date the new formula has not produced the anticipated results as traffic remained range-bound without momentum. As a result, it was not possible to break away from the lethargic level from which growth in revenue could be recorded. In addition to the slowdown in traffic caused by network upgrades, the Company was challenged by its much larger competitor who offered aggressive relay fee promotion which resulted in a drop in traffic principally from two of its largest customers. Special Day Traffic, as disclosed by the Office of the Telecommunications Authority in Hong Kong, which comprises New Year's Day, Chinese New Year's Day, Christmas and Valentine's day traditionally provided considerable boosts to traffic numbers but did not work their usual magic with traffic actually declining by 2.6% during the 2011 Chinese calendar year.

In the previous four years, SMS traffic sent and received during these holidays, which account for about 20% of average monthly traffic, experienced double-digit growth well over 20%. By way of an example, on Valentine day in 2010, SMS sent increased to 28.3 million, up 54.2% compared to the previous year. In 2011, they declined by 7.1% from the previous year.

Recent key statistics from the Office of the Communications Authority shows that Hong Kong's usage base for both activated pre-paid and post-paid users, although up overall during the past calendar year, experienced one monthly decline in February this year and in the four-month period ended April, 2012 is up only 2.6%. This compares to a year-over-year increase in 2011versus 2010 of 11.3%. For all of 2011, the average traffic sent and received per mobile customers averaged 46 and 55 messages respectively. This is down from 53 and 73 messages respectively for all of 2010. These statistics declined further in the first four months of the current year reaching a low of 38 and 45 respectively in April 2012.

As indicated in the previous MD&A, it is interesting to note that mobile data usage or the number of bytes in messages continues to increase unabated reaching 4.1 trillion bytes (2010 = 1.8 trillion bytes) or 508.7 million bytes (2010 = 295.6 million bytes) per customer. What those numbers reflect is that mobile customers are increasingly using SMS as a means of communication either through the hub (i.e. GINSMS hub) or any other gateways as indicated below, a trend over which the Company expects to be able to capitalize on once the merger is completed.

As a result of the above trend, GINSMS over the last two fiscal years has experienced a downward trend in SMS traffic going through its Hong Kong gateway and this is attributable in large part to the adoption of new smartphones by cell phone users and their subsequent migration to new mobile instant messaging ("MIM") applications such as Research in Motion's BlackBerry Messenger ("BBM"), Apple's Imessage or other cross-platform mobile messaging applications such as WhatsApp. This migration enables smart phone users to send MIM at a fraction of the cost required to send an SMS. GINSMS expects this downward trend in SMS traffic volume to continue. As a result, GINSMS has decided to diversify its service offering by adding VAS. To achieve this new product strategy GINSMS decided to team up with Inphosoft, a Singapore-based mobile data services and solutions provider.

Management considers Inphosoft to be a strategic fit for the Company. It operates in the same information and communication technology ("ICT") space with complementary marketing goals and technology. Through Inphosoft, the Company will be able to offer high-quality VAS to its customers and possibly attract new ones. GINSMS believes that the acquisition of Inphosoft will result in substantial enhancement to its marketing platform, increase the relevancy of its products and services offering, potentially allowing it to grab a greater share of the Hong Kong IOSMS market. GINSMS expects to benefit from Inphosoft's extensive experience in developing and managing large mobile portals, managing solutions for MNOs, financial institutions, media companies and others, and good understanding of the various cellphone and smartphone models and respective functionalities and characteristics. Most importantly, Inphosoft will allow GINSMS to expand its market immediately outside of Honk Kong and into South East Asia where Inphosoft's operations are based, and subsequently into North East Asia, including China.

SECTION 1.6/7: LIQUIDITY & CAPITAL RESOURCES

GINSMS is in a good financial position with current assets of $764,649 as at March 31, 2012, compared to $1,041,994 as at March 31, 2011. Current assets are very well distributed with cash on hand of $548,752 – 71,8%, accounts receivable of $146,238 – 19.1% and prepaid expenses of $69,659– 9.1%. The main components for the increase in prepaid expenses of $35,707 are the prepaid profit tax with the Hong Kong government and the prepaid costs for maintenance of the IOSMS platform.   Other than trade payable of $149,742 and deferred income tax of $3,835, the Company has no debt.

Cash flow from operations during the quarter ended March 31, 201 was a deficit of $315,841, compared to a deficit of $44,047 during corresponding period the previous year. The largest item affecting cash flow was the loss $367,239 for the period due to both lower revenue and an increase in expenses due mostly to much higher professional and consultancy fees incurred in preparation for the planned acquisition of Inphosoft. A non-cash charge to earnings is reflected in the cash flow statement as a larger than usual amortization of $29,429 related to the share based compensation program which became fully vested during the quarter following a board resolution passed to that effect. A positive working capital change of $82,369 helped preserve cash which amounted to $548,752, compared to $859,756, including cash on deposit for the eventual acquisition of a software marketing platform which never materialized.

For the twelve months ended March 31, 2012, a significant cash flow deficit from operations of $363,095 was also reported, compared to a deficit of $28,939 during the previous fiscal year. The largest items affecting cash during the twelve month period was the loss of $493,704 for the period which is also due to the much higher professional and consultancy fees as explained above. As explained earlier, with the vesting period coming to an end earlier than originally planned, the full amortization of the share based compensation program resulted in a total non-cash charge to earnings as reflected in the cash flow statement for the fiscal year ended March 31, 2012 of $43, 729. The option program was started in July 2011 and, as such, no amortization for the previous year was applicable.

GINSMS is not subject to any liquidity risks associated with any financial instruments and any balance sheet items that might affect liquidity. The company does not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations, or other long term obligations except for the lease of its office space, data lines and data centre facilities to host the IOSMS system totaling approximately $30,000 per month.

	Three month period ended March 31		**Twelve month period ended March 31**	
	2012	2011	**2012**	2011
	$	$	**$**	$
Cash, beginning of period	**804,703**	**508,386**	**422,871**	**444,271**
Net income (loss) for the period	(367,239)	(60,616)	(493,704)	(96,536)
Share based compensation	29,429	-	43,729	-
Future income tax expense (recovery)	-	(8,940)	(16,197)	(38,309)
Amortization	26,148	25,509	103,077	105,906
Changes in non-cash working capital	82,369	(33,131	471,564	29,214
Cash flow from operations	(315,841)	(44,047)	(363,095)	(28.939)
Financing activity	-	-	-	(22,661)
Investing activity	-	-	(1,385)	(7,287)
Effect of exchange rate	(22,479)	(8,337)	18,797	8,273
Cash, end of period	**548,836**	**422,871**	**548,752**	**422,871**
Total Cash Used (Provided)	**255,951**	**85,515**	**(125,881)**	**21,400**

SECTION 1.8: OFF BALANCE SHEET ARRANGEMENS

GINSMS does not utilize off-balance sheet arrangements.

SECTION 1.9: TRANSACTIONS WITH RELATED PARTIES

The Corporation had the following related party transactions that have been recorded at their exchange amounts for the twelve-month periods ended March 31, 2012 and 2011:

For the periods ended March 31		Year ended **2012**		2011
Consulting fees paid to a company controlled by a director or a shareholder	**$**	**84,671**	$	63,390
Consulting fees paid to directors		**43,747**		16,466
Management salaries paid to an officer		**58,670**		16,466
Rent charged by a family member of a director		**30,610**		31,365

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

SECTIONS 1.10, 1.11, AND 1.12: NOT APPLICABLE

SECTION 1.13: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CHANGES) AND BASIS OF PRESENTATIONAND ADOPTION OF IFRS

1. Basis of presentation

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has reported on this basis in these consolidated financial statements. In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Subject to certain transition elections disclosed in note 15, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at April 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended March 31, 2011 prepared under Previous GAAP. Comparative figures for 2011 have been restated to give effect to these changes.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of July ●, 2012, the date the Board of Directors approved the statements.

Amounts are reported in Canadian dollars unless otherwise indicated.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period on a regular basis and with the information available. Management reviews its estimates including: financial instruments; useful life of property and equipment, recoverability of its accounts receivable and valuation of deferred income tax assets.

2. Basis of presentation and adoption of IFRS (continued)

Actual results could differ from these estimates.

In determining the amount of the provisions where applicable, assumptions and estimates are made in relation to discount rates, the expected costs and the expected timing of the costs.

The Corporation is subject to various taxes in a number of jurisdictions. Significant judgment is required in determining the provision for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognized when management considers it is probable that future taxable income will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimate is changed.

The Corporation's management determines the estimated useful lives and related depreciation charges for its property and equipment based on the historical experience of the actual useful lives of property and equipment of similar nature and function. Management will increase the depreciation charge where useful lives are less than previously estimated amounts.

The estimated fair value of the Corporation's financial assets and liabilities, are by their very nature, subject to measurement uncertainty.

Assumptions used in the determination of the fair value of stock options and warrants issued are based on the estimates of the volatility of the Corporation’s stock price, expected lives of the options and warrants, except dividends and other relevant assumptions.

3. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements as at March 31, 2012, March 31, 2011 and April 1, 2010, include the accounts of the Corporation, includes its 100% owned subsidiary, Global Edge Technology Limited and its 100% owned subsidiary Redstone Resources Limited and its 100% owned subsidiary GIN International Limited and its 100% owned subsidiary Guangzhou Tai Eng Information Technology Limited in the People’s Republic of China, together referred to as the “Corporation”.

All intercompany transactions have been eliminated upon consolidation.

(b) Cash and cash equivalents

Cash and cash equivalents consists of cash held in a commercial bank account, bank overdraft, and short-term investments with maturity, at the time of purchase, of less than three months.

(c) Revenue recognition

Provided it is probable that the economic benefits will flow to the Corporation and the revenue can be measured reliably, revenue is recognized in the statement of operations as follows:

- Service fee income is recognized when services are rendered and all significant risks are transferred to the customers.
- Sales incentives or other considerations given to customers are recorded as a reduction of sales in the year that they are incurred.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

(d) Impairment of non-financial assets

The carrying amounts of the Corporation’s non-financial assets, other than inventories, deferred tax assets, and non-current assets held for sale, are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and assets that have indefinite lives or that are not yet available for use are tested for impairment annually and reviewed for impairment at each reporting date.

The recoverable amount of an asset or cash generating unit (“CGU”) is the greater of its value in use and its fair value less costs to sell. The recoverable amount is determined for an individual asset; unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In such case, the recoverable amount is determined for the CGU the asset belongs to.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset and or the CGU. For the purposes of impairment testing, the goodwill acquired in a business combination is allocated to CGUs, which generally corresponds to its operating segments or one level below, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Where the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is impaired. Any remaining amount of impairment exceeding the impaired goodwill is recognized on a pro rata basis of the carrying amount of each asset in the respective CGU. Impairment losses are recognized in income.

The Corporation evaluates impairment losses, other than goodwill impairment, for potential reversals at each reporting date. An impairment loss is reversed if there is any indication that the loss has decreased or no longer exists due to changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such reversal is recognized in income.

(e) Property and equipment

Property and equipment are recorded at cost less any accumulated depreciation and any accumulated net impairment losses. Costs include expenditures that are directly attributable to the acquisition or manufacturing of the item. The cost of an item of property and equipment that is initially recognized includes, when applicable, the initial present value estimate of the costs required to dismantle and remove the asset and restore the site on which it is located at the end of its useful life. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits are present and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognized in income as incurred.

A loss on disposal is recognized in income when the carrying value of a replaced item is derecognized, unless the item is transferred to inventories. If it is not practicable to determine the carrying value, the cost of the replacement and the accumulated depreciation calculated by reference to that cost will be used to derecognize the replaced part. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with its carrying amount, and are recognized net within other gains and losses.

The different components of property and equipment are recognized separately when their useful lives are materially different and each such component is depreciated separately in income. Leased assets are depreciated over the shorter of the lease term and their useful lives. If it is reasonably certain that the Corporation will obtain ownership by the end of the lease term, the leased asset is depreciated over its useful life. Land is not depreciated. Amortization is provided at rates and periods designed to amortize the costs of the assets over their estimated useful lives using the straight-line method, at the following rates per annum:

Leasehold improvements	25%
Computer equipment and software	25%
Furniture and fixtures	25%

Depreciation methods, useful lives and residual values, when applicable, are reviewed and adjusted, if appropriate, on a prospective basis at each reporting date.

(f) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost to the Corporation of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Corporation. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Corporation operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of operations as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Corporation in an independently administered fund. The Corporation's employer contributions vest fully with the employees when contributed into the MPF scheme.

(g) Foreign currency translation

Functional and presentation currency

The functional currency of the Corporation's subsidiaries is the Hong Kong Dollar (HKD) and the HKD is freely convertible into foreign currencies. Accordingly, for financial statement purposes, the consolidated financial statements of the Corporation which are prepared using the functional currency have been translated into Canadian dollars, the presentation currency of the Corporation. Assets and liabilities are translated at exchange rates at the statement of financial position dates, revenue and expenses are translated at the average exchange rates and capital and statutory capital reserve are translated at historical exchange rates. Any resulting translation adjustments are not included in determining net income but are included in foreign exchange adjustment to other comprehensive income, a component of shareholders' equity.

The exchange rates adopted are as follows:

	2012	**2011**
End of year exchange rate	7.7712	8.0111
Average exchange rate	7.8321	7.6520

Transactions in foreign currencies

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign currency balances are translated at year-end exchange rates for monetary items and at historical rates for non-monetary items. Revenues and expenses are translated using average exchange rates prevailing at the time of the transaction. All exchange gains and losses are charged to earnings.

(h) Capital disclosures

The Corporation is required to disclose information about its capital and how it is managed. These standards require an entity to disclose the following:

- Its objectives, policies and processes for managing capital;
- Summary quantitative data about what it manages as capital;
- Whether during the period it complied with any externally imposed capital requirements to which it is subject;
- When the entity has not complied with such requirements, the consequences of such non-compliance.

(i) Valuation of equity units issued in private placements

The Corporation uses the Black-Scholes method to value any warrants and broker warrants issued in private placements. The fair value assigned to warrants is recorded as a reduction to share capital and an increase to warrants. The fair value assigned to broker warrants is recorded as share issue costs and an increase to warrants. Upon expiry, the value of the warrants and broker warrants are transferred to reserves.

(j) Share capital

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Corporation becomes a party to contractual provisions of the instrument. On initial recognition, all financial instruments must be measured at fair value.

The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. The best evidence of fair value at initial recognition is the transaction price (i.e., the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When there is a difference between the fair value of the consideration given or received at initial recognition and the amount determined using a valuation technique, such difference is recognized immediately in income unless it qualifies for recognition as some other type of asset or liability. Subsequent measurement of the financial instruments is based on their classification as described below. Financial assets and financial liabilities are classified into one of these five categories: fair value through profit and loss, held-to-maturity investments, loans and receivables, other financial liabilities and available-for-sale. The determination of the classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to the initial recognition.

Financial instruments at fair value through profit and loss

Financial instruments classified at fair value through profit and loss (FVTPL) are carried at fair value at each reporting date with the change in fair value recorded in income. The FVTPL classification is applied when a financial instrument: is a derivative, including embedded derivatives accounted for separately from the host contract, but excluding those derivatives designated as effective hedging instruments; Has been acquired or incurred principally for the purpose of selling or repurchasing in the near future; Is part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or Has been irrevocably designated as such by the Corporation (fair value option).

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified in any of the preceding categories. Financial assets classified as available-for-sale are carried at fair value at each reporting date. Unrealized gains and losses, including changes in foreign exchange rates, are recognized in other comprehensive income (loss) (OCI) in the period in which the changes arise and are transferred to income when the assets are derecognized or an other than temporary impairment occurs. If objective evidence of impairment exists these changes are recognized in income in the period incurred. Also, any changes in the initial fair value resulting from currency fluctuation are recognized in income in the period incurred. If a reliable estimate of the fair value of an unquoted equity instrument cannot be made, this instrument is measured at cost, less any impairment losses. Dividends are recognized in income when the right of payment has been established.

Held-to-maturity investments, loans and receivable and other financial liabilities

Financial instruments classified as held-to-maturity investments, loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in income in the period.

As a result, the following classifications were determined:

- Cash and cash equivalents are classified as FVTPL;
- Accounts receivable and others are classified as loans and receivables ("L&R");
- Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost using the effective interest rate method;
- To date, the Corporation has not classified any financial asset as held-to-maturity or available for sale.

Transaction costs

Transaction costs that are directly related to the acquisition or issuance of financial assets and financial liabilities (other than those classified as FVTPL) are included in the fair value initially recognized for those financial instruments. These costs are amortized to income using the effective interest rate method.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Corporation has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously. The Corporation has not offset any financial assets or liabilities in the consolidated statement of financial position.

Impairment of financial assets

At each reporting date, the carrying amounts of the financial assets other than those to be measured at FVTPL are assessed to determine whether there is objective evidence of impairment. Impairment losses on financial assets carried at cost are reversed in subsequent periods if the amount of loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(l) Share-based compensation

The Corporation has a stock option plan as described in Note 7. Awards of share options to employees and non-employees are accounted for in accordance with the fair value method of accounting for share-based compensation. The fair value of share options is determined using the Black-Scholes option-pricing model. Under the fair value method, the amount to be recognized as expense is determined at the time the options are issued and is deferred and recognized in earnings over the vesting period of the options with a corresponding increase in reserves. Each tranche in an award is considered a separate grant with its own vesting period and grant date fair value. Consideration paid by directors, officers and key employees and consultants on the exercise of share options is credited to share capital together with the amount previously recognized in reserves. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

(m) Earnings per share

Earnings per share is calculated by dividing the net income for the period attributable to the common shareholders of the Corporation by the weighted average number of common shares outstanding. The diluted weighted average number of common shares outstanding is calculated by taking into account the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the period or the issuance date unless it is anti-dilutive. The treasury stock method is used to determine the dilutive effect of the stock options. The treasury stock method is a method of recognizing the use of proceeds that could be obtained upon the exercise of options and warrants in computing diluted earnings per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. The Corporation has one category of dilutive potential common shares which are share warrants.

(n) Income taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Provisions

Provisions for restructuring costs and legal claims, where applicable, are recognized separately in the statement of financial position when the Corporation has a legal, equitable or constructive obligation to make a future outflow of economic benefits to others as a result of past transactions or past events, if it is probable that a future outflow of economic benefits will be required, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the statement of financial position date using a discounted cash flow methodology. Provisions are not recognized for future operating losses. The Corporation has no provisions recognized in the consolidated statement of financial position.

(p) Business combinations

Business combinations are accounted for under the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Corporation at the date control is obtained. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than share and debt issue costs, are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

The excess of the consideration transferred over the fair value of the Corporation's share of the identifiable net assets acquired is recorded as goodwill.

Contingent consideration classified as provision is measured at fair value, with subsequent changes herein recognized in income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

New information obtained during the measurement period, up to 12 months following the acquisition date, about facts and circumstances existing at the acquisition date will be accounted for as an adjustment to goodwill; otherwise, it will be recognized in income.

The Corporation treats transactions with non-controlling interests as transactions with equity owners of the Corporation. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

(q) Recent accounting pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

(a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

(b) IFRS 10 – Consolidation replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(c) IFRS 11 – Joint Arrangements requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas joint operations, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation.

IFRS 11 supersedes IAS 31 Interests in Joint Ventures, and SIC-13 Jointly Controlled Entities—Non-monetary Contributions by Venturers.

(d) IFRS 12 – Disclosure of Interest in Other Entities establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and introduces additional disclosures addressing the nature of, and risks associated with, an entity’s interests in other entities.

(e) IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

(f) IAS 27 – Separate Financial Statement addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements

(g) IAS 28 – Investments in Associates and Joint Ventures has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

(h) IAS 1 – Presentation of Financial Statements amendment requires components of other comprehensive income (―OCI‖) to be separately presented between those that may be reclassified to income and those that will not. The amendments are effective for annual periods beginning on or after July 1, 2012.

(i) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after July 1, 2012.

SECTION 1.14: FINANCIAL INSTRUMENTS

Financial instruments of GINSMS consist of cash, account receivables, accounts payable and accrued liabilities. GINSMS limits exposure to credit loss by placing its cash with high credit quality financial institutions.

The carrying amounts of cash, accounts receivable and other accounts payable and accrued liabilities approximate their values due to the short-term nature of these instruments. The functional currency of GET is the HKD. In accordance with the Canadian GAAP, the consolidated financial statements of GINSMS, which are prepared using the functional currency, have been translated into Canadian dollars. Assets and liabilities are translated at exchange rates applicable at the balance sheet dates; revenues and expenses are translated at the average exchange rates applicable during the period covered by the financial statements; and capital and statutory capital reserves are translated at historical exchange rates.

SECTION 1.15: SHAREHOLDERS’ EQUITY & DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at,	**March 31, 2012**	**March 31, 2011**
Share capital	929,386	929,386
Warrants	-	385,702
Reserve	429,431	-
Accumulated comprehensive loss	(23,645)	51,546
Deficit	(608,797)	(115,093)
	726,375	1,148,449

Shareholders’ equity as at March 31, 2012 totaled $726,365 compared to $1,148,449 as at March 31, 2011.The decrease in shareholder’s equity principally reflects the loss of $493,714 during the year as well as a comprehensive loss of $23,645 compared to a comprehensive loss of $51,546 the previous year. GINSMS is authorized to issue an unlimited number of common shares in its capital.

As of the date of this MD&A, GINSMS had 43,337,499 common shares issued and outstanding. Information on the Company’s capital, including the numbers of common shares issued outstanding is detailed in the Company’s audited consolidated financial statements which is available at www.sedar.com.

Authorized

Unlimited common shares, unlimited preferred shares, non-voting, non-participating, non-cumulative dividends, redeemable and retractable. The table below summarizes the issued and outstanding shares of the Company for the three months ended March 31, 2012 versus the March 31, 2011 year-end totals:

Issued	**December31, 2012**		**March 31, 2012**	
	Shares	**Amount ($)**	**Shares**	**($)**
Balance, beginning of period	**43,337,499**	**929,386**	**43,337,499**	**929,386**
- Issued on initial public offering				
- Issued to directors and officers				
- Value assigned to warrants				
- Share issue costs				
Balance, end of period	**43,337,499**	**929,386**	**43,337,499**	**929,386**

During fiscal year 2010, the Company completed its IPO by issuing 11,337,500 units at $0.15 per unit with each unit consisting of one common share and one-half of one common share purchase warrant. During the three month period ended December 31, 2011, 5,668,750 share purchase warrants exercisable into common shares at a price of $0.20 per share and 907,000 broker warrants exercisable into common shares at a price of $0.15 per share expired unexercised.

In addition, during fiscal year 2010, 233,333 shares were issued to directors and officers for gross proceeds of $35,000. No additional shares were issued during the first nine months of fiscal year 2012.

Escrow

As at March, 2012, the Company had 4,293,498 common shares subject to an escrow agreement whereby an additional 15% of the escrowed common shares will be released on each six-month anniversary of the listing date of December 18, 2009 thereafter unless otherwise permitted by the securities regulators. By December 18, 2012 all shares will have been released from escrow.

Share purchase warrants

A summary of warrants as at March 31, 2012 and March 31, 2011, and the changes during the periods then ended is as follows:

	March 31, 2012	March 31, 2011
Balance, beginning of the year	**$ 385,702**	$ 385,702
Transfer to Reserve on expiry of the warrants	**(385,702)**	-
Balance, end of year	**$ -**	$ 385,702

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Stock-based compensation plan

On May 13, 2009, the Company adopted a stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the TSX Venture Exchange requirements, grant to directors, officers, employees and consultants of the Company and its subsidiaries, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, for a period of up to ten years from the date of the grant. It is at the discretion of the Board of Directors of the Company to determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least twelve months with no more than ¼ of the options vesting in any three month period. The number of common shares reserved for issuance to any individual director or officer of the Company will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding common shares.

If an optionee ceases to be a director, officer, or technical consultant of the Company for any reason other than death, the optionee may exercise options at the date of the cessation of the optionee's position or arrangement with the Company, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

During the period ended March 31, 2012, the Corporation granted 1,375,000 options at $0.10 per share to directors and officers of the Corporation exercisable for a period of 10 years. The fair value is recognized as share-based compensation over the related vesting period of the options which is one half on each of the first two anniversary date of the options. The total estimated fair value of these options as calculated using the Black-Scholes option pricing model was stated at $43,729. Subsequent to a Board of Directors resolution passed on January 12, 2012 making all outstanding options immediately exercisable, the balance yet remaining of $29,429 in the value of the warrants was charged in full in the last quarter of the year.

	March 31, 2012	
	Number of options	Fair value recorded
Balance, beginning of period	-	$ -
Issued to directors and officers	1,375,000	-
Transfer on expiry of warrants	-	400,002
Balance, end of period	**1,375,000**	**$ 400,002**

As of March 31, 2012, the weighted average remaining contractual life for the 1,375,000 options outstanding to directors and officers is 9.3 years with none of the options being fully exercisable.

SECTION 1.16 BUSINESS ACQUISITION

The Corporation has announced that it has entered into an arm's length share purchase agreement with Inphosoft Pte. Ltd. ("Inphosoft"), a private corporation governed by the laws of Singapore, to acquire all of the issued and outstanding shares of Inphosoft's wholly owned subsidiary, Inphosoft Group Pte. Ltd., for a total consideration of $11.3 million. The purchase consideration consists of $0.4 million in cash (payable at closing), $0.4 million as a non-interest bearing promissory note (payable after the first anniversary date of closing) and the issuance of non-interest-bearing convertible debentures in the principal amount of $10.5 million (due three years after closing). This transaction will be accounted for as a business combination applying the acquisition method in which the net assets will be measured at their fair value at the date of acquisition and any excess of the purchase price over the fair value of the net assets acquired will be recognized as goodwill. The closing of the transaction is subject to a number of closing conditions.

Each debenture shall be issued for a term of three years and may not be converted at any time if as a result the debenture holder will hold more than 10% of the issued and outstanding shares or with any person or group acting jointly or in concert will hold more than 20% of the issued and outstanding common shares of the Corporation.

In addition, debentures in the principal amount of $4,000,000 will be deposited at closing in escrow and will be released upon the achievement of certain established profit levels over the next two years.

The Corporation is expected to complete a brokered private placement of $400,000 within a month subsequent to the transaction.

+SECTION 1.17 OTHER MD&A REQUIREMENTS

Risks and Uncertainties

Through its operations, the Company is exposed to various business risks and uncertainties which could have an impact on its capacity to achieve its growth objectives. Consequently, the following factors should be taken into account when evaluating the Company’s future prospects:

Dependence on Major Customers

The Company depends on major customers for a significant portion of its business and the loss of any of such customers could materially and adversely affect the Company, and hence the Company’s business and financial position. A significant portion of GINSMS’ revenue has been and is expected to continue to be, derived from a limited number of customers. Most of these customers are major operators of telecom services in the Asia Pacific region. There can be no assurance that GINSMS’ major customers will continue to use GINSMS’ services. In the event that any of these customers cease to use the services of GINSMS and GINSMS fails to replace such customer(s), the Company’s business and financial position may be materially and adversely affected.

System Failures, Delays and Other Problems

System failures, delays and other problems could harm the Company’s reputation and business, cause it to lose customers and expose GINSMS to customer liability. GINSMS’ system architecture is contingent on its ability to process a high volume of transactions in a timely and effective manner. GINSMS may experience failures or interruptions of its systems and services, or other problems in connection with its operations as a result of, amongst others things:

- damage to or failure of its computer software or hardware or its infrastructure and connections;
- data processing errors by its systems;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events; and
- failure of GINSMS to adapt to rapid technological changes in the telecom industry.

If GINSMS cannot adequately ensure that its network services perform consistently at a high level or otherwise fails to meet its customers’ expectations:

- it may experience damage to its reputation, which may adversely affect its ability to attract or retain customers for its existing services, and may also make it more difficult for GINSMS to market its existing or future services;
- it may suffer significant damage or expose itself to customer liability claims, under its contracts or otherwise, including the requirement to pay penalties relating to service level requirements in its contracts;

- its operating expenses or capital expenditures may increase as a result of corrective actions that GINSMS must perform;
- GINSMS' customers may reduce their use of GINSMS' services; or
- one or more of its significant contracts may be terminated early, or may not be renewed.

These or other consequences would adversely affect the Company's revenue and performance.

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- GINSMS' customers may reduce their use of GINSMS' services; or
- one or more of its significant contracts may be terminated early, or may not be renewed.

These or other consequences would adversely affect the Company’s revenue and performance.

Security and Privacy Breaches

Security or privacy breaches may result in an interruption of service or a reduced quality of service, which could increase GINSMS’ costs or result in a reduction in the use of GINSMS’ services by its customers. GINSMS’ systems may be vulnerable to physical break-ins, computer viruses, attacks by computer hackers or similar disruptive problems. If unauthorized users gain access to GINSMS’ databases, they may be able to steal, publish, delete or modify sensitive information that is stored or transmitted on GINSMS’ networks and which GINSMS is required by its contracts to keep confidential. A security or privacy breach could result in an interruption of service or a reduced quality of service. Confidential information internal to GINSMS may also be disclosed to unauthorized personnel who may use such information in a manner adverse to the interests of GINSMS. Hackers may attempt to “flood” the network, thereby preventing legitimate network traffic or to disrupt the connection between two machines, thereby preventing access to a service or preventing a particular individual from accessing a service. The Company may therefore be required to make significant expenditures in connection with corresponding corrective or preventive measures. In addition, a security or privacy breach may harm GINSMS’ reputation and cause its customers to reduce their use of GINSMS’ services, which could harm the Company’s revenue and business prospects. In addition, GINSMS’ revenue may be adversely affected by un-captured usage, in the event that GINSMS’ system is “hacked” into, resulting in transmissions that may not be detected by its billing system. Further, the increase in traffic as a result of such unauthorized “hacking” may slow or overload GINSMS’ transmission network, thereby adversely affecting the overall quality of services which GINSMS provides to its paying customers. GINSMS’ exposure to telecom security concerns is heightened as Hong Kong and Chinese laws relating to liability under such circumstances are relatively new. In addition, GINSMS does not carry “errors and omissions” or other insurance covering losses or liabilities caused by computer viruses or security breaches, which under such circumstances could mitigate damages that GINSMS may suffer. If GINSMS incurs any such losses or liabilities, the Company’s operating results, financial condition, business and prospects may be adversely affected.

Adequacy of Network Resilience, Network Diversity and Backup Systems

Inadequate network resilience, network diversity and backup systems may result in service disruptions. Any failure of GINSMS’ backup systems or any insufficiency in GINSMS’ redundancy capacity may disrupt GINSMS’ operations. GINSMS regularly reviews its network and assesses its vulnerability to such outside factors. However, there can be no assurance that GINSMS’ existing alternative routes and cable diversity will provide adequate backup for all types of service interruptions that may occur. Moreover, even with these contingency measures, service disruptions could last for a considerable period of time before complete service can be restored. This may cause customers to reduce their use of GINSMS’ services, which could harm the Company’s revenue and business prospects.

Loss of Significant Information

Loss of significant information may adversely affect the Company’s business. In cases of a failure of GINSMS’ data storage system, GINSMS may lose critical network or billing data, source code, proprietary production system designs or important email correspondence with its customers and suppliers.

Decline in Volume of Transactions or Profit Margin

A decline in the volume of transactions GINSMS handles or a decline in its profit margin may have an adverse effect on the Company’s operations results. Although GINSMS charges a minimum fee, GINSMS earns revenue mostly on a usage basis. As such, GINSMS is not protected against the potential adverse effect on its revenue of a decrease in the transaction volumes provided by its customers or pricing pressures imposed directly by its customers or indirectly by its competitors. In addition, if Hong Kong current licensing rules are abolished or changed to permit telecom operators to enter into peer-to-peer contractual agreements for direct links with their counterparts, or if the cost of using GINSMS’ services makes it uneconomical for a telecom operator to use GINSMS’ services, GINSMS may experience a reduction in its business volume.

Consolidation of GINSMS’ Customers

Consolidation among GINSMS’ customers may cause GINSMS to lose transaction volume. As a hub-based service provider, the business of GINSMS is derived from exchange of voice and data transmission between telecom operators. Consolidations, mergers and acquisition activities among telecom operators typically reduce their need for interconnection services. Therefore, these types of corporate activities may cause GINSMS to lose transmission volume or may cause GINSMS to reduce per-transmission prices for its services.

Failure to Develop, Enhance or Introduce New VAS

If the Company fails to develop or introduce on a timely basis new VAS, its business will suffer. Rapid change in technology, short product life cycles, changes in customer requirements and evolving industry standards characterize the markets for the Company’s products. The success of the Company depends on the Company’s ability to timely develop and introduce innovative new VAS that gain market acceptance. The Company may not be successful in forecasting future customer requirements or in selecting, developing and marketing new products or enhancing the Company’s existing products on a timely or cost-effective basis. Moreover, the Company may encounter technical problems in connection with its product development that could result in delayed introduction or its inability to introduce new products or product enhancements. Such cancellations or delays could result in a decrease in sales or a loss of customers, or both. The Company may also focus on technologies that do not function as expected or are not widely adopted. In addition, products or technologies developed by others may render the Company’s products non-competitive or obsolete and result in a significant reduction in traffic volume from the Company’s customers and the loss of existing and prospective customers.

Competition

The market for communications services is extremely competitive and rapidly changing. The Company faces competition from other providers of connectivity and value-added services, some of which are larger and may be better funded than the Company. In addition, certain telecom hubs based in Hong Kong and a few other Asian countries providing competing services have strong connections with Chinese telecom operators or are otherwise affiliated with other telecom operators. Moreover, in the areas of MVAS the Company is aware that some other companies are focusing significant resources in developing and marketing services that will compete with those of the Company. Although the Company is not a basic telecom service provider, it competes in some areas against telecom operators, communications software companies and system integrators which provide systems and services used by telecom operators to manage their networks and internal operations relating to inter-operator connections and other telecom transactions. In addition, competition also exists between certain of GINSMS' MVAS and the software developed in-house by its customers. Certain competitors may be able to respond to new or emerging changes in technology or customers' requirements more quickly than the Company. A number of the Company's current and potential competitors, such as CITIC Telecom International (formerly known as CITIC 1616 Holdings Ltd) and other major telecom operators in Hong Kong, Singapore and Taiwan may have greater name recognition and/or more extensive customer bases than GINSMS. Increasing competition could result in fewer customer orders, reduced revenue, reduced sales margins and loss of market share, any one of which could harm the business of the Company. Finally, customers may internally deploy services and technologies which may reduce or eliminate their demand for such services and technologies from third party providers including GINSMS and further increase competitive pricing pressure.

Dependence on Third-Party Software and Equipment

The failure of third-party software and equipment which GINSMS uses in its systems may cause interruptions or failures of its systems. In addition to the use of the internet and certain telecom networks maintained by broker carriers and other third parties for the transmission of data traffic, GINSMS also incorporates hardware, software and equipment developed by third parties into its systems. As a result, GINSMS' ability to provide interoperability services depends in part on the continued performance and support of these third-party products. If these products experience failures or contain defects, and the third parties supplying these products fail to provide adequate remedial support, this may result in the interruption or unsatisfactory performance of GINSMS' systems or services.

Sufficiency of Insurance Coverage

Property "all risks" insurance and public liability insurance do not cover cyber risks and data loss. The property "all risks" insurance and public liability insurance taken out by GINSMS do not cover certain damages or losses, and contain a number of liability exclusion clauses, including exclusions for:

- damage or loss relating to the use or misuse of the Internet or similar facility, such as unauthorized access or use;
- damage to or loss of data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, corruption or deformation of the original structure, and any business interruption losses resulting from such damage or loss; and
- damage or loss resulting from an impairment in the function, availability, range of use or accessibility of data software or computer programs, and any business interruption loss resulting from such damage or loss.

As such, GINSMS may not be adequately indemnified or compensated for if it sustains any such loss or damage, which in turn may adversely affect the financial position of the Company.

Capacity Limits

Capacity limits on GINSMS' network and application platforms may be difficult to project and GINSMS may not be able to expand or upgrade its systems to meet increasing demand. GINSMS' business requires it to handle a large number of SMS transactions simultaneously. In order to manage growth in the number of such SMS transactions successfully, GINSMS needs to enhance its operational, management, financial, and information systems and controls continuously and effectively. Although GINSMS upgraded its IOSMS platform, it is difficult to predict when the capacity limits on GINSMS' network and application platforms will be reached, given that the usage requirement of GINSMS' services depends on the demand from the telecom operators or the telecom operators' choice of a hubbing service provider. If GINSMS does not expand or upgrade its hardware and software quickly enough, it may not have sufficient capacity to handle the increasing traffic and this would limit the growth of its operations and improvement of its performance.

Rapid Technological Changes

Rapid technological changes may increase competition and render GINSMS' technologies, products or services obsolete or cause GINSMS to lose market share. The telecom industry is subject to rapid and significant changes in technology, frequent new service introductions and evolving industry standards. Such changes may adversely affect GINSMS' revenue. There can be no assurance that GINSMS can improve the features, functionality, reliability and responsiveness of its interoperability, infrastructure and other services to meet the changing demands of its customers towards new communications technologies. Similarly, the technologies that GINSMS employs may become obsolete or subject to intense competition from new technologies in the future. If GINSMS fails to develop, or obtain timely access to, new technologies, or if it fails to obtain the necessary licenses for the provision of services using these new technologies, GINSMS may lose its customers and market share, and its results of operations would be adversely affected.

Market Acceptance at Desired Pricing Levels

The Company's failure to achieve or sustain market acceptance at desired pricing levels may impact its ability to maintain profitability or positive cash flow. The Company's competitors and customers may cause the Company to reduce the prices it charges for its services which in turn could adversely affect the Company's profitability and cash flow. The primary sources of pricing pressure include:

- competitors offering competing services at reduced prices, or bundling and pricing services in a manner which makes it difficult for the Company to compete; and
- customers with a significant volume of transactions may have enhanced leverage in pricing negotiations with the Company;

GINSMS may not be able to offset the effects of all or any price reductions.

Key Members of the Management Team

The loss of any key members of the management team may impair the Company's ability to identify and secure new contracts with customers or otherwise manage its business effectively.

The Company’s success depends, in part, on the continued contributions of its senior management. Most of them are well experienced in the telecom industry and have in depth knowledge of various aspects of the development of a telecom business.

Credit Risk of Accounts Receivable

The Company is subject to credit risk in respect of its accounts receivable. GINSMS provides credit periods to its customers, which are calculated from the dates the invoices are issued by GINSMS to the dates of payment by the customers. Although GINSMS implements credit control policies and measures, GINSMS cannot assure that these measures are adequate in protecting GINSMS against material credit risks. GINSMS may provide services to customers who do not provide sufficient deposits, advance payments or bank guarantees for GINSMS’ services. Moreover, should GINSMS’ customers be unable to pay in full for any reason, the Company’s profit and cash flow will be adversely affected. Any delay in the payment by customers may also adversely affect the Company’s operations and financial position. The Company may have to sustain legal costs in pursuing unsettled invoices, a process which is time-consuming and may be affected by a variety of factors including any counterclaim from such non-paying customers. Even if the Company obtains favourable judgments, enforcement of such judgments may take time and may not always be successful.

Dependence on Required Licenses

IOSMS in Hong Kong is a highly regulated business activity and requires licenses from the Hong Kong Telecommunications Authority (“**TA**”), without which GINSMS would be unable to operate. GINSMS is subject to the rules and regulations of the TA, which regulates the telecom industry in Hong Kong, and OFTA, which assists the TA in enforcing and administering the *Telecommunications Ordinance*. The TA’s authority includes regulating and licensing telecom facilities and managing the radio frequency spectrum. If the TA determines that GINSMS has violated Hong Kong’s telecom laws or regulations or the conditions of its licenses, the TA may suspend or cancel GINSMS’ licenses or take other action detrimental to GINSMS. GINSMS is also subject to various other rules, laws and ordinances applicable to companies operating in Hong Kong, including, for example, laws relating to obscenity and privacy. If GINSMS is found to be in violation of these laws, it may face judgments or consequences detrimental to its business. In addition, the PNETS granted by OFTA to GINSMS are normally valid for one year, subject to renewal at the discretion of OFTA and compliance of all terms and conditions of the licenses. In the event that OFTA refuses to renew any of the existing licenses of GINSMS, GINSMS’ ability to offer its services will be adversely affected. The Chief Executive in council of the OFTA may also cancel or suspend licenses if it considers that it is in the public’s interest to do so. Moreover, if the TA changes its existing regulations or policies such as those governing interconnection or competition, including the requirement on GINSMS to obtain separate or further licenses for its existing operations or services, or to obtain licenses in respect of its future operations or services based on new communication technologies, the Company’s results of operations, financial condition, business and prospects could be adversely affected. GINSMS may also incur extra costs in order to comply with technical specifications or other conditions resulting from any enacted or proposed changes in the applicable laws and regulations. As a result, the Company’s financial condition, results of operations and/or prospects may be adversely affected. The business of the Company’s customers is also subject to regulations. As a result, such regulations could indirectly affect the Company’s business. As communications technologies and the telecom industry continue to evolve, the regulations governing the telecom industry may change. If this were to occur, the demand for the Company's services could change in ways that GINSMS cannot easily predict and may result in a decline in the Company's revenue.

Hong Kong's Economy and Politics

The state of Hong Kong's economy and politics may adversely affect the Company's performance and financial condition. The Company's primary facilities and operations are located in Hong Kong. Hong Kong is a special administrative region of the People's Republic of China with its own government and legislature. Under the *Basic Law* of Hong Kong, Hong Kong is entitled to a high degree of autonomy granted by the People's Republic of China under the principle of "one country, two systems". However, there is no assurance that Hong Kong will continue to enjoy its current level of autonomy from the People's Republic of China. If it does not, this could have a material adverse effect on the Company's business, results of operations and financial condition. The Hong Kong economy has experienced considerable volatility in the last decade. Hong Kong's primary economic sectors, such as real estate, retail and finance, are volatile. Although the economy has experienced growth since 2009, it is not certain whether such growth will be sustained. As GINSMS' operations are principally conducted in Hong Kong, its financial position and results of operations are and will be affected by the state of Hong Kong's economy, which in turn is subject to many different factors that are beyond the control of the Company. In particular, the economy of Hong Kong is significantly affected by the developments in China, the Asia-Pacific region and the United States. China's economy may experience negative economic developments, and other regional economies may also deteriorate. In any such circumstances, Hong Kong's economy and hence GINSMS' operating results, financial condition, business and prospects would be adversely affected. The Company also bears risks which involve matters arising out of evolving laws and policies in Hong Kong, any future imposition of special taxes or similar charges, and the risk that changes can occur in the government of Hong Kong and a new government may void or change the laws and regulations that the Company is relying on.

Enforcement of Judgments and Residency of Directors, Officers and Others

As a Hong Kong legal entity, GINSMS is subject to Hong Kong company law and regulations. For example, provisions for the protection of shareholder's rights and access to information contained in Hong Kong company law are less developed than those applicable to companies in other countries. Substantially all of the Company's assets, through its subsidiary GINSMS, are located in Hong Kong. Hong Kong does not have a treaty with Canada providing for the reciprocal recognition and enforcement of judgments of courts and as such, recognition and enforcement in Hong Kong of judgments of a Canadian court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Although the rights of minority shareholders in the Company would be protected in Canada, judgments rendered against the Company and/or its subsidiaries would likely not be enforceable in Hong Kong.
Mr. Man Kon (Jonathan) Lai, the Chairman of the Board of Directors of the Company, Mr. Paul Fung Yuen Law, director of the Company, Mr. Chun Tat (Leo) Ho, director of the Company, Mr. Kwok Kin Suen, Chief Executive Officer of the Company, and Koon Fai (Faith) Lam, Chief Financial Officer of the Company, reside outside of Canada. Although Messrs. Lai, Law, Ho, Suen and Lam have appointed Heenan Blaikie LLP as their agent for service of process in Canada, it may not be possible for investors to enforce judgements obtained in Canada against these individuals.

As British Virgin Island ("**BVI**") legal entities, the Company's subsidiaries, Global Edge Technology Ltd. and Redstone Resources Ltd., are subject to BVI company law and regulations. For example, provisions for the protection of shareholder's rights and access to information contained in BVI company laws are less developed than those applicable to companies in other countries. BVI does not have a treaty with Canada providing for the reciprocal recognition and enforcement of judgments of courts and as such, recognition and enforcement in BVI of judgments of a Canadian court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Although the rights of minority shareholders in the Company would be protected in Canada, judgments rendered against the Company and/or its subsidiaries would likely not be enforceable in BVI.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers, or shareholders of other companies that may operate in the same sectors as the Company. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required under the *Canada Business Companys Act* to disclose his interest and to abstain from voting on such matter.

Segmented Information

All of the Company's revenue and a majority of its expenses are generated and incurred in Hong Kong dollars ("HKD"), which minimizes the currency risk associated with the operations of its subsidiary. All of the assets and liabilities are also in HKD except for cash balances kept in Canada and those current liabilities incurred toward service providers in this country.

Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company. As such, the Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators rules and forms.

Capital Disclosures

The Company is required to disclose information about its capital and how it is managed. These standards require an entity to disclose the following:

- Its objectives, policies and processes for managing capital;
- Summary quantitative data about what it manages as capital;
- Whether during the period it complied with any externally imposed capital requirements to which it is subject;
- When the entity has not complied with such requirements, the consequences of such non-compliance.