



GINSMS INC.

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

**For the three months ended
June 30, 2010**

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GENERAL

This management's discussion and analysis ("MD&A") of GINSMS Inc. ("GINSMS" or the "Corporation") has been prepared by management and should be read in conjunction with the unaudited consolidated financial statements and related notes thereto of the Corporation for the three months ended June 30, 2010, which were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Corporation's Audit Committee has reviewed and approved this MD&A.

This MD&A was prepared as of August 30, 2010. Additional information regarding the Corporation 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 Corporation'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 Corporation 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 Corporation 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 Corporation's belief that the availability of 3G services in China will boost the demand for data related services
- the Corporation'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 stable pricing for customers; and
- management's belief that GET is able to generate sufficient amounts of cash to fulfill the working capital requirements of its present operation.

These forward-looking statements are made as of the date of this MD&A and the Corporation 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., which was incorporated on March 20, 2009, is the parent company of GIN International Ltd. (“GIN”), through its wholly-owned subsidiary, Global Edge Technology Ltd. (“GET”). 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 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.

CORPORATE OVERVIEW – DESCRIPTION OF THE BUSINESS

The Corporation is dedicated to becoming a significant player as an 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 2010 and is capable of handling 10 times as much traffic as compared to the previous IOSMS system. This new system was paid in cash through internally generated funds.

After raising some \$1.7 million in share capital last December through an initial public offering, the Corporation is determined to capture a growing share of the Hong Kong market and penetrate the China market for inbound traffic into the country. With the formation of a Wholly-Owned Foreign Enterprise (“WOFE”) in China in July, the Corporation has positioned itself to benefit from the advantages and the flexibility such a vehicle offers to expand into the Chinese market either directly or through partners or yet through acquisitions.

The Corporation also intends to develop value-added services. To achieve its goals, the Corporation is planning to hire new marketing personnel and invest in software technologies either directly or through partners. Management had targeted March 31, 2010 as a turning point but believes it will take at least a year before its strategy takes shape. The Corporation’s immediate objective is to gain market share for SMS traffic in Hong Kong and gain access to the potential the Chinese market offers. With its new operating system in place since March 2009, its competitive edge has improved considerably. The upgraded core system is able to handle substantially more SMS traffic having the capability to process different transmission standards used by mobile operators such as GSM¹ (the current most popular cellular phone standard), CDMA², PHS³ and fixed SMS transmission protocols.

1. GSM: Wireless mobile technology protocol which stands for Global System for Mobile communications.

2. CDMA: Wireless mobile technology protocol that stands for Code Division Multiple Access.

3. PHS: Wireless mobile technology protocol which stands for Personal Handy-phone System.

OVERALL PERFORMANCE FOR THE THREE MONTHS ENDED JUNE 30, 2010

Highlights

- At \$49,605, net income before taxes for the three months ended June 30, 2010 is up \$15,426 or 45.1% compared to the net income of \$34,179 for the first three months of fiscal 2010.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) for the first three months of fiscal 2011 totaled \$76,342, up \$17,659 or 30% from the \$58,683 reported in the first quarter of fiscal 2010.
- Net earnings after taxes for the three months ended June 30, 2010 were \$39,548, up \$5,369 or 15.7% from the comparable period ended June 30, 2009.
- Revenue for the first three months of fiscal 2011 was up slightly at \$208,787, versus \$204,255 for the same period in fiscal 2010.
- Total assets as at June 30, 2010 were \$1,739,007, up approximately \$86,000 from the March 31, 2010 total of \$1,652,884.
- Gross dollar profit: gross profit margin for the quarter ended June 30, 2011 was \$143,143, an increase of \$44,052, or 30.7% over the \$99,091 recorded for the quarter ended June 30, 2009.
- Gross profit margin: gross profit margin for the quarter ended June 30, 2011 was 68.6%, a 20% increase over the 48.5% gross profit margin recorded during the first quarter of fiscal 2010

FINANCIAL HIGHLIGHTS

REVENUE		
	3 Months Ended June 30, 2010	3 Months Ended June 30, 2009
Revenue \$	208,787	204,255
-- Gross Margin \$	143,143	99,091
-- Gross Margin %	68.6%	48.5%
EBITDA (1) \$	76,342	58,683
-- EBITDA Margin %	36.6%	28.7%
Net Earnings \$	39,548	34,179
-- Net Earnings %	24.05%	16.7%

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. This metric should not be considered in isolation or as a substitute for net earnings which is also reported herein but is made relevant by the fact that there is a substantial difference in the capital structure of the Corporation from one period to another, distorting the comparability of net earnings.

Revenue for the first quarter of fiscal 2011 at \$208,787 was up approximately 2.2% over the \$204,255 reported during the same period in prior year. This is due mainly to an increase in revenue-bearing inter-SMS traffic to 34,401,824 short messages during the three months ended June 30, 2010, versus 26,551,917 short messages for the same period in fiscal 2010. This represents an increase in charged SMS traffic for the quarter under review of 7,849,907 short messages, or 29.6%.

In addition, gross margin for the first three months of fiscal 2011 was up \$44,052 or 20% over the first quarter of fiscal 2010; and, EBITDA for the three months ended June 30, 2010 at \$76,342 was also up from the \$56,683 reported during the same period last fiscal year. The increase in both gross margin and EBITDA can be attributed to the reduction in the cost of sales from \$105,164 during the first quarter of fiscal 2010 to \$65,644 in fiscal 2011. This in turn is due to the improved efficiency being realized by the Company thanks to the new IOSMS system now in full operation.

For the quarter ended June 30, 2010, GINSMS recorded net earnings after taxes of \$39,548, compared to net earnings of \$34,179 in the first quarter of fiscal 2010. For the quarter ended June 30, 2010, GINSMS recorded net earnings after taxes of \$39,548, compared to net earnings of \$34,179 in the first quarter of fiscal 2010. The net earnings for the first quarter of fiscal 2011 were negatively impacted by an income tax expense of negative (\$10,057). By comparison, at the end of March 2009, GET had a tax loss available to off-set a potential tax liability based on accruing net earnings over the following quarter(s). As such, there was no provision for income taxes in the first quarter of fiscal 2010.

Total assets, including cash, accounts receivable, prepaid expenses, property and equipment and other assets (deposit), at the end of the first quarter of fiscal 2011 totalled \$1,739,007, up approximately \$86,000 from the fiscal 2010 year end total of \$1,652,884. The reasons for the increase include a rise in prepaid expense to \$181,938 versus \$110,125 at the end of fiscal 2010, and an increase in the deposit total from \$457,744 at year end to \$472,165. The increase in the

prepaid expenses is due to the fact that GET prepaid the online platform service, which amounted to HK\$750,000 in February 2010. It will be settled on a fix amount every month.

Shareholders' equity for the quarter ended June 30, 2010 is also up over fiscal 2010 year-end to \$1,380,558 as compared to \$1,296,531. The increase is due in part to a 15.7% rise in net earnings of \$5,369 for the period along with a positive foreign exchange adjustment of \$44,479. The latter amount is not included in determining net income, but it is included in other comprehensive income, a component of shareholders' equity of the consolidated financial statements.

The table below sets out the Corporation's assets and shareholder's equity for the three months ended June 30, 2010 and the fiscal year ended March 31, 2010:

ASSETS		
Current Assets	Three months Ended June 30, 2010	Year Ended March 31, 2010
	\$	\$
Cash	454,922	444,271
Accounts receivable	323,563	317,196
Prepaid expenses	181,938	103,739
Fixed assets		
Property & equipment	306,419	323,548
Deferred costs	---	--
Other assets (1)	472,165	464,130
Total assets	1,739,007	1,652,884
LIABILITIES		
Current Liabilities		
Accounts payable & accrued liabilities	247,520	258,089
Due to a shareholder note	22,439	22,439
Income taxes payable	50,719	35,389
	320,678	315,917
Future income tax liability	37,771	40,436
Total liabilities	358,449	356,353
SHAREHOLDERS' EQUITY		
Share capital	929,386	929,386
Warrants	385,702	385,702
Accumulated comprehensive loss	(121,253)	(165,732)
Retained earnings`	186,723	147,175
Total shareholders' equity	1,380,558	1,296,531
	1,739,007	1,652,884
<p><i>(1) On December 29, 2009, the Corporation entered into a contract agreement, which entailed the acquisition of physical and software assets, which consist of an e-mail and SMS platform along with a service agreement which provides for the maintenance of the system. In connection with this agreement, on the acquisition date, a refundable payment of HK\$3,500,000 (CDN\$472,165) was made by GINSMS, and is included in deposits on the balance sheet as at June 30, 2010.</i></p>		

Accounts receivable and payable

Accounts payable arise in the normal course of business, and all amounts are due within three months or less of the balance sheet date except for \$188,014 as of June 30, 2010 and \$166,982 as of March 31, 2010 which are due between three and twelve months of the balance sheet date. Income taxes payable are due within twelve months of the balance sheet date.

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.

The Corporation manages its risk of not meeting its financial obligations through management of its capital structure, and annual budgeting of its revenues, expenditures and cash flows. The carrying amount of cash and cash equivalents and accounts receivable represents the Corporation's maximum credit exposure.

The following table summarizes the accounts payable overdue as at June 30, 2010 compared to December 31, 2009:

	Total	Current	Due in 30 days	30 days to 90 days overdue	Over 90 days overdue
As at June 30, 2010	\$316,601	\$88,740	\$62,788	\$33,787	\$131,285
As at December 31, 2009	\$313,886		\$202,305	\$ 7,847	\$103,734

The carrying amount of cash and cash equivalents and accounts receivable represents the Corporation's

Of significant individual accounts receivable as at June 30, 2010, approximately 84% was from four customers (March 31, 2010 – 84% was from four customers). For the three month period ended June 30, 2010, 77% of total sales were from four customers (June 30, 2009 – 63% from four customers). As of June 30, 2010 approximately 41% of accounts receivable were ninety days or more over due. However, the majority of this total is from one customer, and this amount is offset due to the fact that the customer's accounts receivable from GINSMS are also more than 90 days or more overdue. This is the result of an agreement between the two parties allowing for an offset of accounts receivable and accounts payable in connection with reciprocal SMS transmissions between China and Hong Kong. Taking this into account, the amount of accounts receivable overdue more than 90 days is nominal.

Analysis of Expenses

Overall expenses for the quarter ended June 30, 2010 totaled \$93,538, an increase of \$28,626, or 44.1% from the first quarter fiscal 2010 total of \$64,912. The rise in expenses is due primarily to the increase in selling and general and administrative expenses, which were up over \$26,000 to \$66,801 versus \$40,408 during the first quarter of fiscal 2010. These higher selling, general and administrative expenses thus far in fiscal 2011 were due largely to increased consultancy and professional fees.

The table on the following page outlines the changes in the major categories:

<u>Expense</u>	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>
	<u>Three months ended June 30</u>	
	\$	\$
Depletion & Amortization	26,737	24,504
Selling & General & Administration	66,801	40,408
Interest	--	--
Unrealized Gain on Foreign Exchange	--	--
Total	93,538	64,912

SELECTED ANNUAL INFORMATION

The tables on the following page set out selected annual financial information and are based on the unaudited consolidated financial statements of the Corporation for the three months ended June 30, 2010, the restated audited balance sheet of the Corporation as at June 30, 2009, and the audited consolidated financial statements of GET for fiscal 2009, 2008 and 2007. These financial statements have been prepared in accordance with Canadian GAAP.

On June 9, 2009, GINSMS acquired all the issued and outstanding shares of GET in exchange for the issuance of 31,766,566 shares of the Corporation at a fair value of \$4,764,985 with an effective date of April 1, 2009. However, the transaction was considered to be an exchange of ownership interests between related groups and was therefore accounted for assuming continuity of business under Emerging Issues Committee 89 (“EIC 89”) – exchanges of ownership interests between enterprises under common control. Consequently under EIC 89, no fair value adjustment was made and the acquisition was reflected at the net book value of GET for a consideration value of \$435,075, which was credited to share capital.

EIC 89 also requires that the comparative figures be restated to reflect the financial position and results of operations as if the Corporation had been combined since inception and therefore the financial statements of the combined company presented for prior periods were restated accordingly.

Summary of Financial Information of GINSMS

	Consolidated as at June 30, 2010 (Unaudited)	Consolidated as at March 31, 2010 (Audited)
Total assets \$	1,739,007	1,652,884
Total Liabilities \$	320,678	356,353
Shareholders' Equity \$	1,380,558	1,296,531

Summary of Financial Information for GET⁽¹⁾

	For the Year ended March 31, 2009 (audited)	For the Year ended March 31 2008 (audited) (2)	For the Year Ended March 31 2007 (audited) (2)
Sales	\$928,221	\$797,524	\$1,081,494
Earnings from Operations	\$306,795	\$282,403	\$ 424,941
Net earnings (loss)	(\$236,145)	\$255,875	\$ 8,226
Total Assets	\$845,089	\$768,188	\$ 463,940
Total Liabilities	\$410,014	\$197,155	\$ 107,495
Shareholders' Equity	\$435,075	\$571,033	\$ 356,445

1. This summary of financial information of GET is presented to reflect the performance of the predecessor company prior to its acquisition by GINSMS.

2. To achieve comparability, the Audited figures in this table as at March 31, 2008 and 2007 have not been restated.

Prior periods have been reclassified to reflect the last fiscal year's classification together with all the changes in accounting policies that were in effect in that period.

QUARTERLY COMPARISONS & RESULTS

The quarterly information set forth on the following page 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 our audited consolidated financial statements and the notes thereto.

	FISCAL 2009 (1)			FISCAL 2010			FISCAL 2011	
	9/30/08	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10
Sales	221,981	224,347	277,257	204,256	208,541	215,587	225,257	208,787
Operating Expenses	146,397	153,873	182,748	170,075	123,598	134,764	263,483	236,681
Net Earnings Before Under-Noted Items	75,584	70,474	94,509	34,179	84,943	96,509	(38,224)	49,605
Forgiveness of Debt	0	0	(494,439)	0	0	0	0	0
Income Taxes	2,300	2,039	42,146	0	(9,837)	225	39,844	(\$10,057)
Net Earnings	73,284	68,435	(442,076)	34,179	84,943	96,509	(78,068)	39,548

1. GINSMS is the successor parent Canadian company of GET. Quarterly results shown above for fiscal 2009 are for GET, while fiscal 2010 quarterly results are GINSMS and begin in Q1.

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 (i.e. monthly minimum charge) to guard against idle or minimal usage system capacity. Since then, there are no changes in charges per SMS and bundle fees. Although GINSMS' business is not subject to any significant seasonal or cyclical variations, traffic tends to increase during holidays.

Quarterly SMS Traffic & Revenue Comparisons

<u>Quarterly Traffic & Revenue for the past eight quarters</u>				
For the quarters ended:				
	<u>Sept 30/09</u>	<u>Dec 31/09</u>	<u>March 31/10</u>	<u>June 30/10</u>
Traffic (Inter-SMS)	31,564,627	35,476,325	34,690,178	76,826,128
Total Charges \$	1,513,881	1,627,652	1,596,033	1,581,505
	<u>Sept 30/08</u>	<u>Dec 31/08</u>	<u>March 31/09</u>	<u>June 30/09</u>
Traffic (Inter-SMS)	32,918,763	38,730,727	38,130,301	26,551,917
Total Charges \$	1,568,895	1,736,285	1,793,703	1,372,898

The first quarter of fiscal 2011 shows the highest inter-SMS traffic in the past eight quarters. This is due largely to an especially strong May, where the Company reported revenue-bearing inter-SMS traffic of 12,492,106 messages, an increase of 4,008,622 messages in comparison with May 2009.

Going forward, management is confident that it will be able to continue increasing its share of SMS traffic in Hong Kong and with the formation of a Wholly-Owned Foreign Enterprise ("WOFE") in China in July 2010, the Corporation has positioned itself to benefit from the advantages and the flexibility such a vehicle offers to expand into the China market, either directly, through partners, or through potential acquisitions. The most immediate and significant challenge for the Company is to grow revenues back to historical levels through higher traffic in Hong Kong. Current trends indicate that the Corporation is making good progress.

Cost of Sales

Cost of sales consists mainly of the following components:

- 1) Database subscription fees to allow GINSMS to update subscriber's information on behalf of the mobile network operators;
- 2) Lease line rental fees to connect with mobile network operators;
- 3) Fees for data centre facilities to host and manage the IOSMS system; and,
- 4) Fees for a technical service provider to support the operations and maintenance of the IOSMS system.

For the first quarter of fiscal 2011, cost of sales amounted to \$65,644, a decrease of nearly \$40,000 compared to the \$105,164 during the same quarter of fiscal 2010, representing a decline of 38.0%. The decline principally reflects lower operation and maintenance costs of the new IOSMS operating system. The lower costs of sales translated into a stronger profit margin during the three months ended June 30, 2010 at \$143,143, an increase of \$44,052, or 30.7% over the \$99,091 recorded for the quarter ended June 30, 2009.

Gross profit margin on a percentage basis for the quarter ended June 30, 2011 was 68.6%, a 20% increase over the 48.5% gross profit margin recorded during the first quarter of fiscal 2010

The increase in the first quarter gross margin provides a solid base for management's optimism regarding the Corporation's potential for improvement in its profitability in fiscal 2011, while ongoing efforts are being made to increase the volume of traffic going through its platform for SMS transmission.

Depreciation of capital assets rose from \$24,504 in the first quarter ended June 30, 2009 to \$26,737 in the first quarter ended June 30, 2010. The small increase manifested following the investment by the Corporation in its new operating system and related equipment.

LIQUIDITY & CAPITAL RESOURCES

GINSMS is in a good financial position and has no debt. As at June 30, 2010, the Corporation had cash on hand of \$454,922 compared to \$49,607 as at June 30, 2009. The increase in the cash balance reflects the money raised from the Corporation's initial public offering of \$1.7 million in December 2009.

As depicted in the table on the following page, cash flow from operations as at June 30, 2010 was a negative (\$1,966), compared to a negative (\$161,687) for the corresponding quarter in the previous year.

	Fiscal 2011	Fiscal 2010
	Three months ended June 30	
	\$	\$
Beginning Cash	444,271	59,419
Net Earnings	39,548	34,179
Depreciation	26,737	24,504
Future Income Tax Expense	(3,854)	--
Changes in non-cash Working Capital	(64,397)	(220,370)
Cash Flow From Operations	(1,966)	(161,687)
Investing Activities	--	--
Financing Activities	--	159,070
Effect of Exchange Rate	12,617	(4,195)
Ending Cash	454,922	49,607
Total Cash Used (Provided)	10,651	(6,812)

The most significant item affecting cash over the past several months was the funds raised through an initial public offering in the amount of \$1.7 million which after issue costs and repayment to shareholders resulted in a net addition to cash flow of \$387,852 at the end of fiscal 2010. Cash flow from operating activities was \$62,431 in the first quarter of fiscal 2011, up \$3,748 from the first quarter fiscal 2010 total of \$58,683. The increase is due to higher net income and amortization for the first quarter of fiscal 2011. Including non-cash working capital, cash flow from operations improved significantly during the first quarter of fiscal 2011 to a negative (\$1,966) compared to a negative (\$161,687) for the same period in fiscal 2010. The primary reason for this large improvement is that there were no deferred charges in the first quarter of fiscal 2011 compared to a negative (\$159,070) reported in the first quarter of fiscal 2010 as related to financing activities. Deferred charges included costs incurred for the prospectus filing in fiscal 2010, which included such items as agent, legal and audit fees. These costs were applied against share capital as share issue expenses upon completion of the prospectus filing.

Also affecting cash is a deposit in the amount \$472,165 set aside for the acquisition of physical and software assets which consist of an email and a SMS platform, which was delivered in April 2010. However, since the hardware was not delivered prior to year end and is subject to certain right of return provisions, the assets are treated as a returnable deposit.

Shareholders' equity at the end June, 2010 amounted to \$1,380,558, up approximately \$84,000 from the \$1,296,531 reported as at March 31, 2010. The increase is due in part to a 15.7% rise in net earnings of \$5,369 for the period, along with a positive foreign exchange adjustment of \$44,479.

The Corporation has recorded a future income tax expense of (\$10,057) as at June 30, 2010. By comparison, at the end of March 2009, GET had a tax loss available to off-set a potential tax liability based on accruing net earnings over the following quarter(s). As such, there was no provision for income taxes in the first quarter of fiscal.

The recognition of the tax liabilities is due to tax timing differences in the treatment of newly acquired assets between the method used to carry the amount of these assets for accounting purposes as compared to the method used for tax purposes (please refer to the unaudited interim consolidated financial statements of the Corporation for the three months ended June 30, 2010 for more details).

BUSINESS ENVIRONMENT

There are only two IOSMS hubs in Hong Kong, namely GINSMS and CITIC 1616. CITIC 1616 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 and its predecessor have been able to operate profitably since 2002 as the volume of SMS routed through its hub has grown substantially. 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 valued added

services (VAS), management intends to increase its attention on marketing and enhancing the quality of services.

RISKS & UNCERTAINTIES

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

- 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 resilience, network diversity and back up system
- Loss of significant information
- Insurance coverage
- Capacity limits
- Rapid technological change
- Market acceptance at desired pricing levels
- Decline in volume of transactions
- Capacity to attract and retain personnel including key members of the management team
- Success of expansion into Chinese markets
- Credit risk of accounts receivable
- Consolidation of GIN's customers
- Dependence on required licenses
- Hong Kong's economy and politics
- Conflicts of interest
- Residency of directors, officers and others
- Risks of legal proceedings in foreign jurisdictions
- Control by management
- Market for securities
- Possible future dilution
- Foreign exchange rates and fluctuations thereof

Risks and uncertainties highlighted above have not changed since the filing of the long-form prospectus dated November 12, 2009 on SEDAR at www.sedar.com and, therefore, the Corporation would encourage the reader to refer to the section of the prospectus entitled "Risk Factors" for an additional discussion of risk factors affecting the business of the Corporation.

SEGMENTED INFORMATION

All of the Corporation'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 current assets in the amount of \$38,679, and current liabilities of \$112,418, as of June 30, 2010.

CONTROLS AND PROCEDURES

The Corporation's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Corporation. As such, the Corporation 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.

OFF-BALANCE SHEET ARRANGEMENTS

GINSMS does not utilize off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Corporation had the following related party transactions that have been recorded at their exchange amounts for the three month period ended June 30, 2010 and 2009. Consulting fees were paid to companies controlled by directors and officers in the amount of \$7,389, and \$8,691 respectively. These consulting fees have been included as general and administrative costs for the period ended June 30, 2010, and have been included as share issue costs for the period ended June 30, 2009:

	<u>2010</u>	<u>2009</u>
Consultant fees paid to a company controlled by a director or a shareholder, which are included in the issue costs	\$ --	\$ --
Consultant fees paid to a company controlled by a director or officer which, are included in selling, general & administrative costs	\$7,389	\$8,691

These consulting fees have been included as general and administrative costs for the period ended June 30, 2010.

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.

SIGNIFICANT ACCOUNTING POLICIES

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements", and 1602 "Non-Controlling Interest", which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Corporation's interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption is permitted, although these sections must be adopted concurrently.

i) Revenue Arrangements with Multiple Deliverables

In December 2009, the CICA issued Emerging Issue Committee Abstract ("EIC") 175, "Revenue Arrangements with Multiple Deliverables", replacing EIC 142, "Revenue Arrangements with Multiple Deliverables". EIC 175 provides guidance on certain aspects of the accounting for arrangements under which the Corporation will perform multiple revenue-generating activities. Under the new guidance, when vendor specific evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price methods. EIC 175 also includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. EIC 175 is effective prospectively, with retrospective adoption permitted, for revenue arrangements entered into or materially

modified in fiscal years beginning on or after January 1, 2011. Early adoption is also permitted; however, early adoption during an interim period requires retrospective application from the beginning of the fiscal year. At this time it is not possible to precisely evaluate the impact of such changes on the financial statements.

ii) Convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required in 2011 for all Canadian publicly accountable profit-oriented enterprises including the Corporation. IFRS will replace Canada’s current GAAP for those enterprises. These include listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Corporation is currently reviewing the standards and evaluating the impact of adopting IFRS.

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.

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 Hong Kong Dollar. 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. The increase of the Canadian dollar against the Hong Kong dollar during the first quarter ended June 30, 2010 resulted in a foreign currency translation adjustment positive to earnings in the amount of \$44,479. This compares to a foreign currency adjustment negative to earnings of (\$32,858) in the corresponding annual period the previous year. The amount is not included in determining net income but it is included in foreign exchange adjustment to other comprehensive income, a component of shareholders’ equity of the consolidated financial statements.

SHAREHOLDERS' EQUITY AND DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

Shareholders' equity as at June 30, 2010 totaled \$1,380,558 compared to \$1,296,531 as at March 31, 2010. The increase is due in part to a 15.7% rise in net earnings of \$5,369 for the period along with a positive foreign exchange adjustment of \$44,479.

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

Authorized

The authorized shares are unlimited common shares, unlimited preferred shares, non-voting, non-participating, non-cumulative dividends, redeemable and retractable at the amount paid thereon. The table on the following page summarizes the issued and outstanding shares of the Corporation for the three months ended June 30, 2010 versus the March 31, 2010 year-end totals:

Issued:	June 30, 2010		March 31, 2010	
	Shares	Amount	Shares	Amount
		\$		\$
Balance, beginning of period	43,337,499	929,386	31,766,666	435,090
Issued on initial public offering	-		11,337,500	1,700,625
Issued to directors and officers	-		233,333	35,000
Value assigned to warrants	-		-	(323,119)
Share issue costs	-		-	(918,210)
Balance, end of period	43,337,499	929,386	43,337,499	929,386

During the fiscal 2010, the Corporation completed its initial public offering 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. Each full warrant is exercisable for a period of two years at an exercise price of \$0.20 per common share, and the total number of warrants was valued at \$323,119 using the Black-Scholes method with the following assumptions: risk free interest rate of 1.12%; expected life of 2 years; annual share price volatility of 85% and an expected dividend yield of 0%.

In connection with the offering, the Corporation issued 907,000 broker warrants exercisable for two years at an exercise price of \$0.20 per common share and paid total cash commission of \$170,058. The Corporation also incurred cash share issue costs totaling \$685,569 in connection with the initial public offering. The broker warrants were valued at \$62,583 using the Black-Scholes method with the same assumptions as mentioned above and is included in share issue costs.

In addition, during fiscal 2010, 233,331 shares were issued to directors and officers for gross proceeds of \$35,000.

No additional shares were issued during the first three months of fiscal 2011.

Escrow

As at June 30, 2010, the Corporation had 21,467,492 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.

Share purchase warrants

A summary of warrants as at June 30, 2010 and March 31, 2010, and the changes during the periods then ended is shown in the table on the following page:

	June 30, 2010	March 31, 2010
Balance, beginning of the period	\$ 385,702	\$ --
Fair value of warrants issued in private placements	--	323,119
Fair value of warrants issued as agent's compensation	--	62,583
Balance, end of the period	\$ 385,702	\$ 385,702

As at June 30, 2010, there were 5,668,750 common share purchase warrants outstanding, fully exercisable into common shares at a price of \$0.20 per share until December 16, 2011. There are also 907,000 broker warrants outstanding, fully exercisable into common shares at a price of \$0.15 per share until December 16, 2011.

Stock-based compensation plan

On May 13, 2009, the Corporation adopted a stock-option plan which provides that the Board of Directors of the Corporation 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 Corporation 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 Corporation, 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 Corporation 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 $\frac{1}{4}$ 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 Corporation 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 Corporation 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 Corporation, 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.