

GINSMS INC.

Consolidated Financial Statements

March 31, 2010 and 2009

GINSMS INC.

March 31, 2010 and 2009

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AUDITORS' REPORT

*To the Shareholders of:
GINSMS Inc.*

We have audited the consolidated balance sheets of GINSMS Inc. as at March 31, 2010 and 2009, and the consolidated statements of operations and retained earnings (deficit), comprehensive loss and accumulated comprehensive loss and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and the changes in its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Horwath Leebosh Appel LLP 1

Montreal, Quebec
June 18, 2010

GINSMS INC.**Consolidated Balance Sheets**

As at March 31,	2010	2009
		(Restated Note 2)
Assets		
Current		
Cash	\$ 444,271	\$ 56,419
Accounts receivable and other	317,196	385,198
Prepaid expenses	103,739	3,867
	865,206	445,484
Deferred charges	-	187,556
Deposit (note 8)	464,130	-
Property and equipment (note 4)	323,548	399,620
	\$ 1,652,884	\$ 1,032,660

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 258,089	\$ 336,656
Due to a shareholder (note 5)	22,439	187,556
Income taxes payable	35,389	29,326
	315,917	553,538
Future income tax liability (note 10)	40,436	44,032
	356,353	597,570

Shareholders' Equity

Share capital (note 6)	929,386	435,090
Warrants (note 6)	385,702	-
Accumulated comprehensive loss	(165,732)	-
Retained earnings	147,175	-
	1,296,531	435,090
	\$ 1,652,884	\$ 1,032,660

Commitments (note 8)**On behalf of the Board:**

(Signed) "Jonathan Lai", Director

(Signed) "Benedict Leung", Director

GINSMS INC.**Consolidated Statements of Operations and Retained Earnings (Deficit)**

Years ended March 31,	2010	2009
		(Restated Note 2)
Revenue	\$ 853,639	\$ 928,221
Cost of sales	(336,589)	(393,661)
	517,050	534,560
Expenses		
Selling, general and administrative	297,698	216,311
Amortization	95,017	11,465
Interest and other income	(15,643)	(11)
Unrealized gain on foreign exchange	(37,429)	-
	339,643	227,765
Income from operations	177,407	306,795
Forgiveness of debt (note 9)	-	(494,439)
Income (loss) before income taxes	177,407	(187,644)
Income tax expense (note 10)		
Current	25,214	9,337
Future	5,018	39,164
	30,232	48,501
Net income (loss) for the year	147,175	(236,145)
Retained earnings (deficit), beginning of year	-	(431,079)
Retained earnings (deficit), end of year	\$ 147,175	\$ (667,224)
Net earnings (loss) per share		
Basic	\$ 0.00	\$ (0.01)
Diluted	0.00	(0.01)
Weighted average number of shares outstanding		
Basic	35,103,829	31,766,666
Diluted	39,574,583	31,766,666

GINSMS INC.**Consolidated Statements of Comprehensive Loss and Accumulated Comprehensive Loss**

Years ended March 31,	2010	2009
		(Restated Note 2)
Comprehensive income		
Net income (loss) for the year	\$ 147,175	\$ (236,145)
Other comprehensive loss, net of tax		
Foreign currency translation adjustment	(165,732)	(431,079)
Comprehensive loss	(18,557)	(667,224)
Accumulated other comprehensive loss		
Balance, beginning of year	-	(167,563)
Other comprehensive (loss) income	(165,732)	100,188
Total accumulated other comprehensive loss	\$ (165,732)	\$ (67,375)

GINSMS INC.**Consolidated Statements of Cash Flows**

Years ended March 31,	2010	2009
		(Restated Note 2)
Operating activities		
Net income (loss) for the year	\$ 147,175	\$ (236,145)
Items not affecting cash		
Forgiveness of debt	-	494,439
Future income tax expense	5,018	39,164
Unrealized gain on foreign exchange	(37,429)	-
Amortization	95,017	11,465
	209,781	308,923
Changes in non-cash working capital		
Accounts receivable and other	(1,716)	(69,740)
Prepaid expenses and deposit	(612,195)	-
Deferred charges	-	-
Accounts payable and accrued liabilities	(23,702)	116,521
Income taxes payable	12,379	(6,141)
	(415,453)	349,563
Financing activities		
Issuance of common shares	1,735,625	15
Share issue costs	(398,918)	-
Repayment to shareholder	(397,764)	-
	938,943	15
Investing activities		
Advance to ultimate holding company	-	(64,492)
Purchase of property and equipment	(88,123)	(357,472)
	(88,123)	(421,964)
Effect of exchange rate changes on cash	(47,515)	16,481
Increase (decrease) in cash	387,852	(55,920)
Cash, beginning of year	56,419	112,324
Cash, end of year	\$ 444,271	\$ 56,419
Supplemental cash flow information		
Cash interest received	\$ -	\$ -
Cash taxes paid	19,151	-
Non-cash financing activities		
Deferred charges paid by a shareholder	\$ -	\$ 187,556
Deferred charges applied to issue costs	187,556	-
Issue costs paid by a shareholder	269,153	-
Fair value assigned to broker warrants included in share issue costs	62,583	-

See accompanying notes to the consolidated financial statements**5**

GINSMS INC.

Notes to the Consolidated Financial Statements

Year ended March 31, 2010 and 2009

1. Description of business and continuing operations

GINSMS Inc. (the "Corporation") was incorporated in Alberta under the Canada Business Corporation Act on March 20, 2009. On June 9, 2009, the Corporation acquired 100% of the issued and outstanding common shares of Global Edge Technology Limited (Global) and continues operations through its subsidiary Global.

Global is a private limited company incorporated in the British Virgin Islands. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The address of its principal place of business is 14/F., Hang Lung House, 184-192 Queen's Road Central, Hong Kong.

The principal activity of the Corporation is the provision of inter-operator short message services (SMS).

The Corporation completed its initial public offering on December 16, 2009.

2. Acquisition of Global Edge Technology shares

On June 9, 2009, GINSMS acquired all the issued and outstanding shares of Global Edge Technology Limited. (Global) 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 Global 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. The summarized restated March 31, 2009 balance sheet can be summarized as follows:

Current assets	\$	445,469
Property and equipment		399,620
Current liabilities		(365,982)
Long-term liabilities		(44,032)
<hr/>		
Total net assets acquired	\$	435,075
<hr/>		

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

3. Summary of significant accounting policies and basis of presentation

The consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Such estimates primarily relate to unsettled transactions and events at the consolidated balance sheets date which are based on information available to management at each financial statement date.

By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements for current and future periods could be significant.

The consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. Amounts are reported in Canadian dollars unless otherwise indicated.

The following changes in accounting policies and disclosures were adopted prospectively (if applicable), on April 1, 2009 with no restatement of prior periods. No impact to the earnings or cash flows of the Corporation was identified upon adoption.

(a) New accounting pronouncements**Goodwill and intangible assets**

Effective April 1, 2009, the Corporation adopted the CICA Section 3064 *“Goodwill and Intangible Assets”*. This standard, which replaces GAAP section 3062 and 3450, provides guidance relating to the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not impact the Corporation’s financial statements as it has no goodwill or intangible assets at period end.

Section 3862, financial instruments - disclosures

During June 2009, amendments were made which include enhanced disclosures relating to the fair value of financial instruments and the liquidity risk associated with financial instruments which now require that all financial instruments measured at fair value be categorized into one of three hierarchy levels. The amendments are consistent with recent amendments to financial instruments disclosure under International Financial Reporting Standards and the prospective adoption had no impact on the consolidated financial statements.

EIC 173 – credit risk and the fair value of financial assets and financial liabilities

The Emerging Issues Committee (“EIC”) issued this abstract which provides further guidance on the determination of the fair value of financial assets and financial liabilities under Section 3855. EIC 173 concluded that when determining the fair value of financial assets and financial liabilities, the entity should consider its own credit risk as well as the credit risk of the counterparty. The retrospective adoption of this abstract did not have a material impact on the consolidated financial statements.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

3. Summary of significant accounting policies and basis of presentation (continued)**(b) Principles of consolidation**

The consolidated financial statements as at March 31, 2010 and 2009, 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, together referred to as the "Corporation".

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the year 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 future income tax assets. Actual results could differ from these estimates.

(d) 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 income statement 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.

(e) Foreign exchange translation

Functional currency translation

The functional currency of the Corporation is 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. Assets and liabilities are translated at exchange rates at the balance sheet 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:

	2010	2009
End of period exchange rate	7.6462	6.2061
Average exchange rate	7.1562	6.9776

GINSMS INC.

Notes to the Consolidated Financial Statements

Year ended March 31, 2010 and 2009

3. Summary of significant accounting policies and basis of presentation (continued)

Transactions in foreign currencies

Transactions in foreign currencies are accounted for in accordance with the temporal method. 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.

(f) 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 balance sheet when the Corporation becomes a party to contractual provisions of the instrument. On initial recognition, all financial instruments must be measured at fair value which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Subsequent to initial recognition, the fair value of financial instruments is dependent on the purpose for which the financial assets were acquired or issued, their characteristics and the Corporation's designation of such instruments.

At each reporting date the carrying amounts of financial assets, other than those to be measured at fair value through profit or loss, are assessed to determine whether there is objective, significant evidence of impairment (e.g. a debtor is facing serious financial difficulties, or there is a substantial change in the technological, economic, legal or market environment of the debtor). For equity instruments, a significant or prolonged decline in fair value is objective evidence for a possible impairment. The Corporation has defined criteria for the significance and duration of a decline in fair value as discussed in the categories below.

The standards require that all financial assets be classified as held-for-trading ("HFT"); held-to-maturity ("HTM"); available-for-sale ("AFS") or loans and receivables ("L&R"). Financial liabilities should be classified as HFT or other than HFT liabilities.

Financial assets:

- **Held-for-trading** - Financial assets required to be classified as HFT are measured at fair value, with gains, losses and transaction costs recorded in net income for the period in which they arise. A financial instrument is designated as HFT on initial recognition if reliable fair values are available, even if that instrument would not otherwise satisfy the definition of HFT ("fair value option"). Held-for-trading securities are usually held for a short term and are actively traded. The Corporation has determined that its cash is classified as HFT. The fair value equals the carrying value.
- **Available-for-sale** - Financial assets classified as AFS are measured at fair value, except for investments in equity instruments that do not have a quoted market price in an active market, which are measured at cost. Unrealized gains and losses, including the effect of changes in foreign exchange rates, are recognized directly in Other Comprehensive Income, except for impairment losses, which are recognized in net income. Upon de-recognition of the financial asset, the cumulative gains or losses, previously recognized in Accumulated Other Comprehensive Income ("AOCI") are reclassified to net income. Transaction costs are added to the carrying amount of the financial instruments.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

3. Summary of significant accounting policies and basis of presentation (continued)**(f) Financial instruments (continued)****Financial assets:**

If an available-for-sale financial asset is impaired, the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is reclassified from direct recognition in equity to the income statement. Reversals with respect to equity instruments classified as available-for-sale are not recognized in the income statement. A reversal of an impairment loss on a debt instrument is reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss is recognized in income. The Corporation has no financial assets classified as AFS.

- **Held-to-maturity** - Financial assets that are purchased and have a fixed maturity date and which management has the intention and the ability to hold to maturity are classified as held-to-maturity. These instruments are accounted for at amortized cost using the effective interest rate method and charged to income in the period of amortization. The Corporation currently does not hold any of these assets.
- **Loans and receivables** - L&R financial assets are measured at amortized cost using the effective interest rate method. Interest income calculated using the effective interest rate method is recorded in financing income in the period in which it arises. Transaction costs are added to the carrying amount of the financial asset.

The amount of the impairment loss on loans and receivables is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding expected future credit losses that have not been incurred), discounted at the original effective interest rate of the financial asset. The amount of the impairment loss is recognized in profit or loss. If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss. The impairment loss on loans and receivables is recorded using allowance accounts. The decision to account for credit risks using an allowance account or by directly reducing the receivable depends on the estimated probability of the loss of receivables. When receivables are assessed as uncollectible the impaired asset is derecognized. The Corporation has determined that its accounts receivable and other are classified as L&R. The fair value equals the carrying value.

Financial liabilities:

- **HFT liabilities** – Financial liabilities are measured at fair value. Gains and losses on liabilities held-for-trading are recognized in earnings. The Corporation currently does not hold any of these liabilities.
- **Other than HFT liabilities** - Financial liabilities classified as other than HFT are measured at amortized cost using the effective interest method. Interest expense is recorded in financing expense in the period. Transaction costs are added to the carrying amount of the financial liability. The Corporation has determined that its accounts payables and accrued liabilities and the due to a shareholder are classified as other than HFT. The fair value equals the carrying value due to the short term of these instruments.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

3. Summary of significant accounting policies and basis of presentation (continued)**(g) 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.

(h) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. 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%

(i) Impairment of long-lived assets

The Corporation recognizes an impairment loss for a long-lived asset to be held and used when events or changes in circumstances cause its carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated by deducting the fair value of the asset from its carrying value. No impairment charge was required in these consolidated financial statements.

(j) 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 income statement 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.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

3. Summary of significant accounting policies and basis of presentation (continued)**(k) Income taxes**

The Corporation uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the Corporation's provision for current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

(l) Deferred charges

Deferred charges included costs incurred for the prospectus filing discussed in Note 6, such as agent, legal and audit fees. These costs were applied against share capital as share issue expenses upon completion of the prospectus filing.

(m) Stock-based compensation

The Corporation has a stock option plan as described in Note 6. The Corporation accounts for share purchase options whereby the fair value of options granted to employees and non-employees is charged to operations over the period of vesting. The fair value of each option granted is estimated on the date of the grant using the Black-Scholes option-pricing model. Any consideration paid upon exercise of stock options is credited to share capital. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

(n) Valuation of equity units issued in private placements

The Corporation uses the fair value 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.

(o) Accumulated other comprehensive income (loss)

Comprehensive income (loss) is comprised of net income and other comprehensive income (loss).

Certain gains and losses arising from changes in fair value are temporarily recorded outside the consolidated statement of operations in accumulated comprehensive income as a separate component of shareholders' equity.

Comprehensive income (loss) is comprised of the Corporation's net income and other comprehensive income (loss). Other comprehensive income (loss) may include any unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the currency used for presentation and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of taxes.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

3. Summary of significant accounting policies and basis of presentation (continued)**(p) Guarantees**

In the normal course of business, the Corporation enters into numerous agreements that may contain features that meet the AcG-14 *Disclosure of Guarantees* definition of a guarantee. AcG-14 defines a guarantee to be a contract (including an indemnity) that contingently requires the Corporation to make payments to a third party based on (i) changes in an underlying that is related to an asset, a liability or an equity of the guaranteed party or (ii) failure of another party to perform under an obligating agreement. Currently, the Corporation has not provided to third parties any such guarantees.

(q) Future accounting changes**i) Business combinations**

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.

ii) 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.

iii) 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.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

4. Property and equipment

2010					
Cost	Leasehold improvements	Computer equipment and software	Furniture and fixtures		Total
Balance, beginning of year	\$ 5,427	\$ 2,441,908	\$ 2,803	\$	2,450,138
Adjustment (a)	-	(1,802,116)	-		(1,802,116)
Exchange differences	(1,022)	(120,498)	(528)		(122,048)
Additions	78,471	9,652	-		88,123
Balance, end of year	\$ 82,876	\$ 528,946	\$ 2,275	\$	614,097

2010					
Accumulated depreciation	Leasehold improvements	Computer equipment and software	Furniture and fixtures		Total
Balance, beginning of year	\$ 5,427	\$ 2,042,288	\$ 2,803	\$	2,050,518
Adjustment (a)	-	(1,802,116)	-		(1,802,116)
Exchange differences	(1,022)	(51,320)	(528)		(52,870)
Amortization for the year	3,493	91,524	-		95,017
Balance, end of year	7,898	280,376	\$ 2,275		290,549
Net book value, end of year	\$ 74,978	\$ 248,570	\$ -	\$	323,548

(a) This amount represents the costs and accumulated amortization of equipment removed from use, effective the end of May 2009.

2009					
Cost	Leasehold improvements	Computer equipment and software	Furniture and fixtures		Total
Balance, beginning of year	\$ 4,423	\$ 1,662,783	\$ 2,285	\$	1,669,491
Exchange differences	1,004	421,653	518		423,175
Additions	-	357,472	-		357,472
Balance, end of year	\$ 5,427	\$ 2,441,908	\$ 2,803	\$	2,450,138

2009					
Accumulated depreciation	Leasehold improvements	Computer equipment and software	Furniture and fixtures		Total
Balance, beginning of year	\$ 4,423	\$ 1,654,143	\$ 2,285	\$	1,660,851
Exchange differences	1,004	376,680	518		378,202
Amortization for the period	-	11,465	-		11,465
Balance, end of year	5,427	2,042,288	2,803		2,050,518
Net book value, end of year	\$ -	\$ 399,620	\$ -	\$	399,620

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

5. Due to shareholder

The due to a shareholder in the amount of 165,870 HK\$ (\$22,439 CDN) – (2009 – 1,163,991 HK\$ (\$187,556 CDN)) is unsecured, non-interest bearing and has no fixed terms of repayment.

6. Share capital**Authorized:**

Unlimited common shares

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

Issued:

	March 31, 2010		March 31, 2009	
	Shares	Amount	Shares	Amount
Balance, beginning of year	31,766,666	\$ 435,090	-	\$ -
Issued on incorporation	-	-	100	15
Issued on acquisition (note 2)	-	-	31,766,566	435,075
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 year	43,337,499	\$ 929,386	31,766,666	\$ 435,090

During the year, 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 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 \$0.15 per common share and paid 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 the year, 233,333 shares were issued to directors and officers for gross proceeds of \$35,000.

Escrow

The Corporation has 25,760,989 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 unless otherwise permitted by the Exchange.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

6. Share capital (continued)**Share purchase warrants**

A summary of warrants as at March 31, 2010 and 2009, and the changes during the years then ended is as follows:

	2010	2009
Balance, beginning of the year	\$ -	\$ -
Fair value of warrants issued in private placements	323,119	-
Fair value of warrants issued as agent's compensation	62,583	-
Balance, end of year	\$ 385,702	\$ -

As at March 31, 2010, there are 5,668,750 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 has 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 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.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

7. Related party transactions

The Corporation had the following related party transactions that have been recorded at their exchange amounts for the years ended March 31, 2010 and 2009.

	2010	2009
Consulting fees paid to a director which are included in the issue costs	\$ 11,531	\$ -
Consulting fees paid to a company controlled by a director or a shareholder which are included in the issue cost	45,520	27,615
Consulting fees paid to a company controlled by a director or a shareholder which are included in selling, general and administrative	6,256	-
Consulting fees paid to a director which are included in Selling, general and administrative	9,502	-
Rental expenses paid to subsidiary of the ultimate parent company	-	8,600

Included in accounts payable and accrued liabilities is an amount of \$7,138 (2009 - \$nil) owed to a company controlled by a director.

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.

8. Commitments

- a) The Corporation entered into a lease agreement with a company owned by a family member of a director of the Corporation for its premises on January 1, 2009 for a period of two years ending on December 31, 2010 with future commitments as follows:

From April 1, 2010 to December 31, 2010 HK\$ 180,000 CDN \$23,500

- b) On December 29, 2009, the Corporation entered into a contract agreement which entailed the acquisition of physical and software assets which consist of an email and a SMS platform coupled with a service agreement which provides for the maintenance of the system for peak performance at all times.

The international SMS and email platform gives the Corporation the ability to deliver our customers' SMS to networks over the world, support multiple interface connection, deliver reports, and web-based administrative user interface. The platform is in fact a gateway which customers will be able to access via the Corporation's portal to send SMS all over the world.

In connection with the agreement, on the acquisition date, a refundable payment of HK\$ 3,500,000, was made and is included in deposits in the amount of \$457,744 CDN on the balance sheet as at March 31, 2010. The delivery of the assets in connection with the agreement has not occurred to date; as a result, the payment has been treated as a deposit on account.

9. Forgiveness of debt

On December 1, 2008, the Corporation and its ultimate parent company entered into an agreement to waive the advance from ultimate parent company. This transaction resulted in a forgiveness of debt in the amount of \$494,439 (HK\$3,450,000) due from the parent company.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

10. Income taxes**(a) Provision for income taxes**

The provision for income taxes differs from the combined Canadian and foreign rates as follows:

	2010		
	Canadian	Foreign	Combined
Loss before income taxes	\$ (62,869)	\$ 240,276	\$ 177,407
Income tax rates	29.00%	16.50%	12.07%
Computed income tax (recovery) expense	(18,232)	39,645	21,413
Increase (decrease) resulting from			
Non-deductible expenses	-	1,164	1,164
Non-taxable income	(10,854)	(61)	(10,915)
Deductible expenses	(49,626)	-	(49,626)
Other	-	3,178	3,178
De-recognition of non-capital losses	78,712	-	78,712
Net non capital loss carried forward	-	(1,097)	(1,097)
Adjustment from prior years	-	(12,597)	(12,597)
Income taxes	\$ -	\$ 30,232	\$ 30,232

	2009		
	Canadian	Foreign	Combined
Loss before income taxes	\$ -	\$ (187,644)	\$ (187,644)
Income tax rates	31.00%	16.50%	16.50%
Computed income tax (recovery) expense	-	(30,961)	(30,961)
Increase (decrease) resulting from			
Non-deductible expenses	-	81,852	81,852
Non-taxable income	-	(57)	(57)
De-recognition of non-capital losses	-	558	558
Net non capital loss carried forward	-	-	-
Adjustment from prior years	-	(3,583)	(3,583)
Valuation allowance of temporary differences	-	692	692
Income taxes	\$ -	\$ 48,501	\$ 48,501

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

10. Income taxes (continued)**(b) Future income tax assets and liabilities**

The Company has operating losses and other costs which are being carried forward and which may be utilized to reduce future taxable income. The components of the net future income tax assets (liabilities) were as follows:

	2010		
	Canadian	Foreign	Combined
Long-term future tax assets -			
Non capital losses carried forward	\$ 78,712	\$ -	\$ 78,712
Issue costs	198,506	-	198,506
Unrealized foreign exchange gain	(10,854)	-	(10,854)
Less: valuation allowance	(266,364)	-	(266,364)
	\$ -	\$ -	\$ -
Long term future tax liability -			
Property and equipment	\$ -	\$ 40,436	\$ 40,436

	2009		
	Canadian	Foreign	Combined
Long-term future tax assets -			
Non capital losses carried forward	\$ -	\$ 4,014	\$ 4,014
Less: Valuation allowance	-	(4,014)	(4,014)
	\$ -	\$ -	\$ -
Long term future tax liability -			
Property and equipment	\$ -	\$ 44,032	\$ 44,032

As at March 31, 2010, the Company had income tax losses of \$271,472, which arose from the Canadian operation and will expire in 2030. The income tax benefits of these losses have not been recognized on the consolidated financial statements.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

11. Financial risk management

The Corporation is exposed to financial risks due to the nature of its business and the financial assets and liabilities it holds. The following discussion reviews material financial risks, quantifies the associated exposures, and explains how these risks, and the Corporation's capital, are managed.

The Corporation's financial instruments include cash, accounts receivable, and accounts payable and accrued liabilities. The carrying amounts of these financial instruments, reported on the Corporation's consolidated balance sheets, approximate their fair values due to their short-term nature.

a) Market risk

Cash flow and fair value interest rate risk

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

The Corporation's interest rate risk would arise from borrowings, issued at variable rates and expose the Corporation to cash flow interest rate risk. Borrowings issued at a fixed rate expose the Corporation to fair value interest rate risk.

The Corporation is not exposed to such risk.

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Corporation reduces this risk by dealing with creditworthy financial institutions.

Credit risk also results from the possibility that a loss may occur from the failure of another party to adhere to payment terms. To lower this risk, the Corporation's extension of credit is based on an evaluation of each customer's financial condition. Management reviews the ageing of trade accounts receivable and other factors relating to the risk that customer accounts may not be paid in full and, when appropriate, reduces the carrying value to provide for possible loss. No loss has been charged to earnings in the current year.

The following table summarizes the accounts receivable overdue:

	Total	Due in 30 days	30 days to 90 days over due	Over 90 days over due
2010	\$ 313,886	\$ 202,305	\$ 7,847	\$ 103,734
2009	385,198	291,655	28,579	64,964

Of significant individual accounts receivable as at March 31, 2010 approximately 84 percent was owed from four customers (March 31, 2009 – 83 percent was owed from four customers).

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

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

11. Financial risk management (continued)**c) Liquidity risk**

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

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 \$166,982 as of March 31, 2010 and \$183,827 as of March 31, 2009 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.

The Corporation believes it has adequate working capital and cash flows to discharge its financial obligations.

d) Capital management

Capital is comprised of share capital, warrants, accumulated other comprehensive loss and retained earnings on the balance sheet. The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders. The Corporation's sources of additional capital and policies for distribution of excess capital may also be affected by the Corporation's capital management objectives.

The Corporation manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. The capital is generally used for defraying the administrative expenses in promoting the objectives of the Corporation. The Corporation is not subject to either internally or externally imposed capital requirements.

e) Currency risk

Foreign currency risk is defined as the Company's exposure to a gain or a loss in the value of its financial instruments as a result of fluctuations in foreign exchange rates. The Company is exposed to foreign currency rate variability primarily in relation to certain debt denominated in a foreign currency.

As well, most of its foreign operations are self-sustaining and these foreign operations' functional currencies are in HK \$. The Company's related exposure to the foreign currency rates is primarily through cash and other working capital elements of these foreign operations.

The Company also mitigates foreign currency risks, within each segment, by transacting in their functional currency for material procurement, sales contracts and financing activities.

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

11. Financial risk management (continued)

The following presents the financial instruments that are exposed to foreign exchange volatility:

	2010		2009	
	Hong Kong Dollars	Cdn Equivalent	Hong Kong Dollars	Cdn Equivalent
Cash	\$ 3,313,840	\$ 433,397	\$ 350,050	\$ 56,404
Accounts receivable and other	2,400,040	313,886	2,390,574	385,198
Accounts payable and accrued liabilities	(1,134,622)	(148,390)	(2,089,268)	(336,656)
Due to a shareholder	(165,870)	(22,439)	(1,163,991)	(187,556)

At March 31, 2010, if the Canadian dollar had weakened by 1% against the HK dollar, with all other variables held constant, the after-tax net income for the year would have been \$915 (2009 - \$11,603) lower and the comprehensive loss would have been \$45,867 (2009 - \$6,493) lower. Conversely, if the Canadian dollar had strengthened by 1% against the HK dollar, with all other variables held constant, the after-tax net income would have been \$915 (2009 - \$9150) higher and the comprehensive loss would have been \$45,867 (2009 - \$6,493) higher.

12. Segmented information

The Corporation's reportable segments are (1) a business holding an investment in Canada; (2) provision of inter-operator short message services in Hong Kong.

The revenues are all generated in Hong Kong. Four major customers have contributed to sales revenue as indicated in the following table:

	2010		2009	
	\$		\$	
Customer A		187,368		248,337
Next three top customers				
Customer B		166,537		103,101
Customer C		120,179		130,084
Customer D		103,870		148,912
All other customers		275,685		297,787
Sales revenue	\$	853,639	\$	928,221

GINSMS INC.**Notes to the Consolidated Financial Statements**

Year ended March 31, 2010 and 2009

12. Segmented information (continued)

	2010			2009		
	Investment	SMS	Total	Investment	SMS	Total
Sales	\$ -	\$ 853,639	\$ 853,639	\$ -	\$ 928,221	\$ 928,221
Unrealized foreign exchange gain	37,429	-	37,429	-	-	-
Amortization of property and equipment	-	(95,017)	(95,017)	-	(11,465)	(11,465)
Interest income	-	-	-	-	11	11
Forgiveness of debt	-	-	-	-	(494,439)	(494,439)
Provision for income taxes	-	(30,282)	(30,282)	-	(48,501)	(48,501)
Net (loss) earnings	\$ (62,869)	\$ 210,044	\$ 147,175	\$ -	\$ (236,145)	(236,145)
Segment assets, excluding the under-noted	\$ 17,146	\$ 1,635,738	\$ 1,652,884	\$ 15	\$ 845,089	\$ 845,104
Deferred charges	-	-	-	187,556	-	187,556
Total assets	\$ 17,146	\$ 1,635,738	\$ 1,652,884	\$ 187,571	\$ 845,089	\$ 1,032,660
Total expenditures for additions to property and equipment	\$ -	\$ 88,123	\$ 88,123	\$ -	\$ 357,472	\$ 357,472