



GINSMS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and six months ended September 30, 2009

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Preface

The Company, 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, so that it can provide IOSMS in Hong Kong.

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

Caution Regarding Forward-Looking Information

Certain information included in this management's discussion and analysis may contain forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," or "continue" or the negative thereof or variations thereon or similar terminology. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions.

Forward-looking statements are not historical facts, but reflect management's current expectations and assumptions regarding future results or events. Particularly, these forward-looking statements are based on management's estimate of future events based on technological advances relating to the Company's services, current market conditions and past experiences of management in relation to how certain contracts will affect revenues. 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, general business, economic, competitive, political and social uncertainties, the actual results of operations, competition and changes in the industry in which the Company operates and other risks factors discussed in the section entitled "Risk Factors" in the Company's final prospectus dated November 12, 2009 which is available under the Company's issuer profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Company cannot assure the reader that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this management's discussion and analysis and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by law. Accordingly, readers should not place undue reliance on the forward-looking statements.



1.1 DATE

This Management's Discussion and Analysis ("MD&A") of GINSMS Inc. ("GINSMS" or the "Company") has been prepared by management and should be read in conjunction with the audited financial statements and related notes thereto of the Company, as at and for the years ended March 31, 2009, 2008 and 2007, which were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's Audit Committee has reviewed and approved this MD&A.

This MD&A was prepared as of November 23, 2009. Additional information regarding the Company is available on SEDAR at www.sedar.com.

1.2 OVERALL PERFORMANCE

Highlights

- ❖ Lower revenue: revenue for both the three months and six months periods ended September 30, 2009 was down 5.5% and 3.0%, compared to corresponding periods of the previous year.
- ❖ Lower operating expenses: with the installation of the new IOSMS system in the first quarter of this year, operating costs, including marketing and general and administrative expenses, declined by 25.1% during the first half of this year and 34% in the 2nd quarter.
- ❖ Higher EBITDA (see definition below): 2nd quarter ended with an increase of 27.3% in EBITDA. For the first half of this year, EBITDA increased 15.9%.
- ❖ Higher gross margins: gross margin for the 2nd quarter was 70.4%, compared to 61.1% for the 2nd quarter of the previous year. The six month gross margin was 59.6%, compared to 58.5% during the same period in the previous year.

Financial Highlights	Three-month period ended September 30, 2009 (Unaudited)		Six-month period ended September 30, 2009 (Unaudited)	
	GINSMS 2009 \$	GET ¹ 2008 \$	GINSMS 2009 \$	GET ¹ 2008 \$
Revenues	208,541	221,981	412,796	426,621
Gross margin	146,823	135,592	245,914	249,549
Gross margin (%)	70.4%	61.1%	59.6%	58.5%
EBITDA²	108,013	76,589	166,696	143,821
EBITDA (%)	51.8%	34.5%	40.4%	33.7%
Net earnings	94,780	73,285	128,959	137,496
Net earnings (%)	45.4%	33.0%	31.2%	32.2%

	September 30, (Unaudited)	March 31, (Audited)
Total assets	1,141,691	945,626
Capital Asset	303,240	6,914
Shareholders' Equity	502,025	708,832

1. GET is the predecessor parent company whose shares were acquired by GINSMS Inc. in May 2009.

2. EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as net 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 Company from one period to another, distorting the comparability of net earnings.

Company Overview

The Company is dedicated to becoming a significant player as an Inter-Operator Messaging Services ("IOSMS") 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 this year and is capable of handling 10 times as much traffic as compared to the previous one. This new system was paid in cash through internally generated funds.



The Company is determined to capture a growing share of the Hong Kong market and penetrate the China market for inbound traffic into the country. In this regard, the Company has filed a long-form prospectus in connection with a financing of between \$1.2 million to \$2 million and a concurrent listing of the Company's common shares on the TSX Venture Exchange. The proceeds from the offering will be primarily for the purposes of investing in new technology and to improve its competitive edge (see "Business environment below"). In addition to being able to handle substantially more SMS traffic, the upgraded core system has 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

Business Environment

There are only two IOSMS hubs in Hong Kong, namely GIN 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 has been able to operate profitably since its formation in 2002 as the volume of SMS routed through its hub has grown substantially. GINSMS' customers include all the mobile operators ("MNOs") 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 had not been aggressive in the marketing of its IOSMS platform due to limited financial resource. Given a strong expansion of global SMS transmission (please refer to the section entitled "General Development of the Business" in the Company's recently-filed prospectus on SEDAR at www.sedar.com for additional information) 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 has decided to upgrade its system and to grow the Company by using the proceeds of its initial public offering on marketing and enhancing the quality of services (please refer to the section entitled "General Development of the Business" in the Company's recently- filed prospectus on SEDAR at www.sedar.com for additional information).

Risks and Uncertainties.

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

Risks and uncertainties highlighted above have not changed since the recent filing of our long-form prospectus dated November 12, 2009 on SEDAR at www.sedar.com and, therefore, the Company 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 Company.

Overall Performance

The second quarter ended September 30, 2009 is characterized by strong earnings of \$94,780, an increase of 29.3% from the corresponding period of last year. Although traffic remained flat, the Company has been successful in addressing historical inefficiencies and reducing overhead costs following the system upgrade.

Overall sales dropped by 6% to \$208,541, compared to the second quarter of the previous year which amounted to \$221,987. This is attributable mostly to increased competition while the Company focused its attention on improving service and reducing its costs of sales and operations. The market for SMS transmission is sensitive to price and customer services. The Company is able to maintain a loyal customer base and capture a level of market share from which to expand, allowing it to continue to operate profitably with a lower market share than our sole competitor, CITIC 1616. As a result, the Company's EBITDA increased by \$22,066 or 41% during the 2nd quarter and 15% for the six months ended September 30, 2009, compared to the corresponding periods of the previous year.



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For the six months ended September 30, 2009, net earnings were \$128,959 or 31.2% of sales, compared to \$137,496 or 32.2% of sales for the six months ended September 30, 2008. The slight decrease is due to the substantial increase in depreciation of \$45,565 which was partly compensated by the drop in maintenance and operating costs of the Company's new IOSMS system.

1.3 SELECTED ANNUAL INFORMATION

The following tables set out selected annual financial information and are based on the pro-forma consolidated financial statements of the Company as at June 30, 2009, the unaudited consolidated financial statements of the Company for the three month period ended June 30, 2009, the audited balance sheet of the Company as at March 31, 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. All figures are in Canadian dollars.

For the three-month period ended June 30, 2009, the unaudited financial statements of GINSMS reflect the acquisition of GET and the results of its consolidated operations during the quarter. The financial information of GINSMS as at March 31, 2009 reflects the statements before the acquisition of GET and shows the financial position of the Company taking into account the initial costs incurred for the filing of the Company's long-form prospectus dated November 12, 2009.

Summary of Financial Information for GINSMS

	Consolidated As at June 30, 2009 (unaudited)	As at March 31, 2009 (audited)
Total Assets	\$1,046,745	\$187,571*
Total Liabilities	\$610,334	\$187,556
Shareholders' Equity	\$436,411	\$15

* Total assets as at March 31, 2009 are essentially represented by the deferred charges incurred for the prospectus filing.



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Summary of Financial Information for GET*

	For the Year Ended March 31, 2009 (audited)	For the Year Ended March 31, 2008 (audited)	For the Year Ended March 31, 2007 (audited)
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

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

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.

1.4 RESULTS OF Q2 2010 OPERATIONS

The following quarterly information 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.

Quarterly data of GET to March 31, 2009 GINSM Starting in the 1st Q 2010	-----Global Edge Technology-----						GINSMS	
	Fiscal 2008		Fiscal 2009				F 2010	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	31-Dec-07	30-Mar-08	30-Jun-08	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-09
Sales	187,018	190,214	204,636	221,981	246,687	254,916	204,256	208,541
Operating Expenses*	122,321	137,987	138,408	146,397	172,509	164,111	170,077	123,598
Net earnings before under-noted items	64,697	52,227	66,228	75,584	74,178	90,805	34,179	84,943
Forgiveness of debt	0	(3,070)	0	0	0	494,439	0	0
Income Taxes	6,804	5,482	2,016	2,300	2,258	41,927	0	(9,837)
Net earnings	57,893	49,815	64,212	73,284	71,920	(445,561)	34,179	94,780

* Operating expenses = Cost of sales plus selling, general and administrative expenses and amortization and depreciation.



GIN charges its customers based on the number of IOSMS 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 were 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 holiday periods.

Sales for the quarter ended September 30, 2009 were \$208,541, down 6.1% from the corresponding quarter the previous year. Revenue-bearing inter-SMS traffic was down slightly by 4.1% to 31.6 million compared to the same quarter, but in relation to the previous quarter, this year was up by 18.9%. The decline over the quarter of the previous year manifested while the competition continued to benefit from GINSMS change-over to the new IOSMS in the first quarter this year and the pause in traffic which occurred because of that. The uptrend since the first quarter indicates that we are making progress.

Despite this progress, however, the inordinately low level of traffic during the first quarter this year caused total traffic during the six months ended September 30, 2009 to decline by 6.4% to 58.1 million short messages, as compared to the corresponding period of the previous year. Nevertheless, revenue declined by only \$13,825 or 3.2% due to the weakening Canadian dollar relative to the Hong Kong dollar. With the absence of new capital to implement the Company's growth strategy, this mild slowdown in traffic was not unexpected.

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 systems
- 4) Fees for a technical service provider to support the operations and maintenance of the IOSMS system

For the second quarter of this fiscal year, cost of sales amounted to \$61,718 compared to \$86,389 during the same quarter of the previous year, a decline of 6.1%. The decline principally reflects lower operation and maintenance costs of the new IOSMS operating system. As a result, gross margin increased from 61.1% for the quarter ended September 30, 2008 to 70.4% for the quarter ended September 30, 2009. Gross margin for the six months ended September 30, 2009 was 59.5%, up slightly as compared to the corresponding period in fiscal 2009 when gross margin was 58.5%.

Depreciation of capital assets jumped from \$1,004 in the first quarter of fiscal year ended June 30, 2008 to \$24,504 in the first quarter of this year due to the depreciation of the new operating system and related equipment.

Selling, general and administrative expenses were down from \$59,003 or 26.6% of sales for the three months ended September 30, 2008 to \$38,810 or 18.6% of sales for the three months ended September 30, 2009. The 34.2% drop is spread among



wages and salaries, and administrative expenses which are down 75.1% and 16.9%, respectively, and partly offset by higher operating leases which were up by 64.2% due to new rented premises. Lower salaries are accounted for by diminished workload following the installation of the new IOSMS system. The lower administration expenses principally reflect lower marketing-related consultancy fees. For the half-year to date, selling, general and administrative expenses were down 25.1% from the corresponding period of the previous year due to the same reason explained above.

EBIDA which is represented by net earnings before interest, amortization and depreciation amounted to \$108,013 or 51.8% of sales during the first quarter ended September 30, 2009, as compared to \$76,589 or 34.5% of sales, compared to the corresponding quarter the previous year. This is due to improved gross margin resulting from lower operating expenses overall.

Net earnings for the second quarter this year increased by 29.3% to \$94,780 or 45.4% of sales, as compared to net earnings of \$73,285 for the corresponding quarter the previous year or 33.0% of sales. In comparison with the first quarter of the current year, net earnings were up by 177.3%. Net earnings improved due to major cuts in operating expenses as explained above, and lower cost of sales following the installation of the IOSMS systems, partly offset by higher depreciation.

Despite strong earnings in the second quarter this year, net earnings for the six months ended September 30, 2009 were down 6.2% to \$128,959 relative to the previous six month period ended September 30, 2008 as gross margin was considerably lower during the first quarter this year, namely 48.% of sales, compared to 70.4% of sales in the latest quarter. The drop is also due to lower revenue, reflecting a lull in traffic while the new operating system was put in place.

Segmented Information

The Company is organized by and operates in one segment: the provision of inter IOSMS to mobile telecom operators in Hong Kong, and all of the Company's revenues, earnings and assets are attributable to that segment. These services are provided using GIN's hub technology platform which offers efficient and low-cost delivery of SMS.

The Company, however, plans to expand its activity to include VAS which could provide the basis for disclosure of segmented information in the future. The Company also plans to penetrate the market for inbound traffic to China from Hong Kong and other countries, which would also allow for the breakdown of information by geographic area. At the moment, however, GIN offers only IOSMS and only in Hong Kong.

1.5/1.6 LIQUIDITY AND CAPITAL RESOURCES

GINSM is in a good financial position and has no debt. At September 30, 2009, the Company had cash on hand of \$84,223, compared to \$56,404 as at March 31, 2009.



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Cash balances have generally decreased as the company has added substantially to capital assets.

As depicted in the following table, cash flow from operations during the second quarter ended September 30, 2009 aggregated to a deficit of \$52,246, compared to a positive net operating cash flow of \$23,781 in the corresponding quarter the previous year.

	Unaudited			
	Three months ended		Six months ended	
	Sept. 30 2009 \$	Sept. 30 2008 \$	Sept. 30 2009 \$	Sept. 30 2008 \$
Beginning Cash	49,607	123,627	56,419	112,324
Net Earnings	94,780	73,285	128,959	137,496
Depreciation	23,070	1,004	47,574	2,009
Future income tax expense	3,318		3,318	
Changes in non-cash Working Capital	(173,415)	(98,080)	(393,785)	(105,991)
Cash Flow from Operations	(52,240)	23,791	(213,934)	33,514
Investing Activities	(1,511)		(1,511)	(42,995)
Financing Activities	93,083		252,153	
Effect of exchange rate on cash	(4,709)	5,554	(8,904)	2,547
	34,616	(18,237)	27,804	(6,934)
Ending Cash	84,223	105,390	84,223	105,390
Total Cash Used (Provided)	(34,616)	(18,237)	(27,804)	(6,934)

During the second quarter of this year, changes in non-cash working capital were the largest usage of funds at \$61,300. After taking into account unrealized foreign exchange gains, the two main items accounting for the change relative to year-end was a decline in accounts receivables of \$48,573, which was offset in part by a decline in accounts payable of \$30,400. The other items reflecting the change in non-cash working capital are an increase in income taxes payable relative to the profit generated for the year ended March 31, 2009 of \$2,769.

Also affecting cash during the second quarter this year is an increase in cash flow from operations before non-cash working capital changes (the sum of net earning of \$94,780, depreciation of \$23,070 and future income taxes of \$3,318) of \$121,168. Depreciation was much larger than that of the corresponding quarter of the previous year because of GINSMS' investment in new capital assets, with capital assets at September 30, 2008 being virtually fully-depreciated for accounting purposes.

As of September 30, 2009, approximately 34.0% of accounts receivable were 90 days or more over due. However, when we take into account the fact that by virtue of an agreement which exists with a customer allowing for an offset between accounts receivable and accounts payable in connection with reciprocal SMS



transmission between China and Hong Kong, the amount over due more than 90 days is reduced to a mere 5.0% approximately.

Despite recording net earnings of \$84,943 during the second quarter this year, working capital (defined as the difference between current assets and current liabilities) at September 30, 2009 declined by \$91,407 since year-end to a deficit of \$199,461. This is due to the expenses incurred by the Company in connection with its filing of its long-form prospectus dated November 12, 2009 relating to its initial public offering of common shares and concurrent listing on the TSX Venture Exchange. During that quarter, these expenses amounted to \$93,083 and were added to current liabilities under the heading "Due to Shareholder". This brings the total amount of deferred charges related to the share offering to \$439,709. Not taking into account the costs of the share offering for both the first half of the current year and the year ended March 31, 2009, the Company's working capital would have increased by \$160,746 to \$240,248 at September 30, 2009.

The Company has recorded future income tax liabilities of \$41,463 at September 30, 2009 which compares to \$44,032 as at the fiscal year-ended March 31, 2009. The recognition of the tax liability 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 note 5 in the quarterly report for more detail).

Notwithstanding the Company's plans to raise funds in the public equity market to expand into value-added services and grow into other markets such as China for SMS inbound traffic, the Company has sufficient capital resources to meet its operating requirements. The Company has no material capital expenditure commitments for fiscal 2010. GINSMS is not subject to any liquidity risks associated with any financial instruments and any balance sheet items that might affect liquidity. The Company does not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations, or other long term obligations except for the lease of its office space, data lines and data centre facilities to host the IOSMS system totalling approximately \$22,000 per month.

1.7 CONTROLS AND PROCEDURES

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

1.8 OFF-BALANCE SHEET ARRANGEMENTS

GINSMS does not utilize off-balance sheet arrangements.



1.9 TRANSACTIONS WITH RELATED PARTIES

On January 1, 2009, GET entered into a rental agreement for premises with Plotio Investment, which is a company owned by a family member of a director of the Company. This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

For the three month ended September 30, 2009 the amount of the rental expense was approximately \$9,025.

1.10 FOURTH QUARTER RESULTS

The following are the quarterly results of the Company.

Summary of Quarterly Results

	Fiscal Year Ended 31 March 2008				Fiscal Year Ended 31 March 2009			
	Q1 Apr 07- Jun 07	Q2 Jul 07- Sep 07	Q3 Oct 07- Dec 07	Q4 Jan 08- Mar 08	Q1 Apr 08- Jun 08	Q2 Jul 08- September 08	Q3 Oct 08- Dec 08	Q4 Jan 09- Mar 09
Sales	\$221,417	\$198,975	\$187,018	\$190,114	\$204,636	\$221,981	\$246,687	\$254,917
Net earnings (Loss)	\$78,383	\$69,783	\$57,893	\$49,816	\$64,212	\$73,284	\$71,920	(\$445,561)*

* After taking into account forgiveness of debt in the amount of \$494,439 in the fourth quarter ended March 31, 2009.

Quarterly Variations

GIN had not made any changes in pricing in Fiscal 2009. Sales was on upward trend for each quarter of Fiscal 2009 as SMS traffic routed from MNOs increased during the year. GIN's business is not subject to any significant seasonal or cyclical variations but traffic tends to increase during holiday periods. Higher SMS volume and sales are generally expected for the Christmas holiday during the third quarter. The fourth quarter of Fiscal 2009 shows the highest sales during the year as mobile phone users sent more SMS messages during New Year, Chinese New Year and Valentine's Day. The declining trend for quarterly sales in Fiscal 2008 were mainly due to the drop of SMS traffic caused by GIN's inability to meet certain technical requirements imposed by one of GIN's major customers. This major customer began rerouting SMS traffic back to GIN in early 2008.

GET reported net earnings in the first three quarters of Fiscal 2009. Net earnings for the third quarter of Fiscal 2009 were marginally lower than the second quarter as



additional costs were incurred to prepare for running the new IOSMS system in parallel with the old IOSMS system. GET recorded a net loss of \$455,561 for the fourth quarter of Fiscal 2009. It was primarily due to a one-off charge of \$494,439 from forgiveness of advance to GET's ultimate parent company.

On August 23, 2008, GIN acquired a new IOSMS system with greater scale, improved monitoring and upgraded report analysis for existing customers. The new system offers the capability to remain competitive and expand in business. On March 10, 2009, GIN began to use the new IOSMS system in parallel with the old IOSMS system. By March 31, 2009, all SMS traffic was routed through the new IOSMS system. As contractual commitments related to operating the old IOSMS system could not be terminated until the end of May 2009 after the new system was online, the cost of sales for the first and second quarter of Fiscal 2010 were higher. This, together with the depreciation charge of the new IOSMS system, will affect the profit margin of Fiscal 2010.

1.11 PROPOSED TRANSACTIONS

The Company is in the process of organizing its initial public offering and concurrent listing of its common shares on the TSX Venture Exchange.

1.12 CRITICAL ACCOUNTING 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 and recoverability of its accounts receivable, calculation of the fair value of warrants and recoverability of future income tax assets and liabilities. Actual results could differ from these estimates.

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:



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Current assets	\$	445,469
Property and equipment		390,620
Current liabilities		(365,982)
Long-term liabilities		(44,032)
<hr/>		
Total net assets acquired	\$	435,075
<hr/>		

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In February 2008, the CICA Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("**IFRS**") will be required effective January 1, 2011 for public companies in Canada (i.e., IFRS will replace Canadian generally accepted accounting principles for public companies)

With the Company's year end being March 31, 2009, the ultimate date for the translation of financial statements to IFRS based on the Accounting Standards Board's ("**AcSB**") decision in February 2008 to replace Canadian GAAP by 2011 for publicly accountable profit-oriented enterprises, is April 1, 2011. However, because of the need to provide comparable figures with the previous year, the management of the Company has decided to start generating a set of financial statements internally based on IFRS starting April 1, 2010. The Company has started to consider an IFRS transition project and once the public offering is completed, will commence with a formal and detailed project plan, which will consider the various finance, taxation, treasury, legal, human resources, IT and operations aspects of the project.

The Company has determined that the key elements of this IFRS changeover on the Company will be in the following areas:

- share capital including stock options and warrant valuations
- general IFRS disclosure requirements
- foreign currency translation
- capital assets, depreciation on assets
- Business combination and related accounting issues such as that of "EIC 89"
- Goodwill and intangible assets

1.14 FINANCIAL INSTRUMENTS

Financial instruments of GIN consist of cash and equivalents, account receivables, accounts payables and accrued liabilities. GIN limits exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amounts of cash and equivalents, account receivables, accounts payable and accrued liabilities approximate their values due to the short-term nature



of these instruments. The functional currency of GIN is the Hong Kong Dollar. In accordance with the Canadian accepted accounting principles, the consolidated financial statements of GIN 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, revenue and expenses are translated at the average exchange rates applicable during the period covered by the financial statements and capital and statutory capital reserve are translated at historical exchange rates. The increase of the Canadian dollars against HKD during the first quarter ended June 30, 2009 resulted in a foreign currency translation adjustment in the amount of \$32,858. The amount is not included in determining net income but is included in foreign exchange adjustment to other comprehensive income, a component of shareholders' equity of the consolidated financial statements.

1.15 SHAREHOLDERS' EQUITY AND DISCLOSURE OF OUTSTANDING SHARE DATA

Shareholders' equity at September 30, 2009 amounted to \$502,025, compared to shareholders' equity of \$435,075 at March 31, 2009.

GINSMS is authorized to issue an unlimited number of shares. As of the date of this report, GINSMS had 31,766,666 common shares issued and outstanding.

Pro-forma information on the Company's share capital including numbers of shares outstanding is detailed in the Company's audited financial statements and included in its recently filed prospectus on SEDAR and are available at www.sedar.com

1.16 OTHER INFORMATION

On November 12, 2009, GINSMS filed a final prospectus for the issue of a Minimum Public Offering which will result in 40,000,000 Common Shares being issued and outstanding and under the Maximum Offering 45,500,000 Common Shares being issued and outstanding after completion of the Offering. In addition, the Company will reserve for issuance up to 6,750,000 Common Shares pursuant to the exercise of Warrants and 1,080,000 Common Shares for the exercise of the Broker Warrants. For further detail, refer to prospectus available on SEDAR.