GINSMS INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

Three month periods ended June 30, 2012 and 2011

Unaudited Condensed Interim Consolidated Financial Statements

Responsibility for condensed interim consolidated financial statements

GINSMS Inc., condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards consistently applied. These interim statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Corporation is responsible for both the integrity and objectivity of the interim consolidated financial statements, management is satisfied that these condensed interim consolidated financial statements have been fairly presented.

Auditor involvement

The auditor of GINSMS Inc. has not performed a review of the unaudited condensed interim consolidated financial statements for the three month periods ended June 30, 2012 and 2011.

GINSMS INC.

Condensed Interim Consolidated Statements of Financial Position

As at,		**June 30, 2012**		March 31, 2012
Assets				
Current				
Cash	**$**	**455,010**	$	548,752
Accounts receivable and other		**135,204**		146,238
Prepaid expenses		**62,857**		69,659
		653,071		764,649
Non-current				
Property and equipment (note 4)		**95,929**		119,303
	$	**749,000**	$	883,952
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**43,614**	$	149,742
Non-current				
Deferred income tax liability		**3,901**		7,835
		47,515		157,577
Shareholders' Equity				
Share capital (note 5)		**929,386**		929,386
Reserves (note 6)		**429,431**		429,431
Accumulated comprehensive (loss)		**(500)**		(23,645)
Deficit		**(656,832)**		(608,797)
		701,485		726,375
	$	**749,000**	$	883,952

Commitments (note 7)

On behalf of the Board:

(Signed) ____________________, Director

(Signed) ____________________, Director

GINSMS INC.

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)

Three month periods ended June 30,		2012		2011
Revenue	$	**157,089**	$	181,810
Cost of sales		**(70,724)**		(64,689)
		86,365		117,121
Expenses				
Salaries and wages (note 8)		**39,323**		28,043
Professional fees (note 8)		**25,758**		7,285
Consultancy fees (note 8)		**27,412**		21,130
General and administrative		**16,416**		12,291
Amortization		**26,381**		25,092
		135,290		93,841
(Loss) income before income taxes		**(48,925)**		23,280
Income tax expense (recovery)				
Current		**3,205**		10,371
Deferred		**(4,095)**		(3,600)
		(890)		6,771
Net (loss) income for the period		**(48,035)**		16,509
Other comprehensive income, net of tax				
Foreign currency translation adjustment		**23,145**		4,590
Comprehensive (loss) income	$	**(24,890)**	$	21,099
Net (loss) income per share				
Basic	$	**(0.00)**	$	0.00
Diluted		**(0.00)**		0.00
Weighted average number of shares outstanding				
Basic and diluted		**43,337,499**		43,337,499

GINSMS INC.

Condensed Interim Consolidated Statements of Equity (Unaudited)

For the three months ended		Share capital		Warrants		Reserves		Accumulated comprehensive income (loss)		Deficit		Total equity
Balance at March 31, 2012	$	929,386	$	-	$	429,431	$	(23,645)	$	(608,797)	$	726,375
Net loss for the period		-		-		-		-		(48,035)		(48,035)
Total comprehensive income		-		-		-		23,145		-		23,145
Balance at June 30, 2012	$	929,386	$	-	$	429,431	$	(500)	$	(656,832)	$	701,485
Balance at March 31, 2011	$	929,386	$	385,702	$	-	$	(51,546)	$	(115,093)	$	1,148,449
Net income for the period		-		-		-		-		16,509		16,509
Total comprehensive income		-		-		-		4,590		-		4,590
Balance at June 30, 2011	$	929,386	$	385,702	$	-	$	(46,956)	$	(98,584)	$	1,169,548

GINSMS INC.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

Three month periods ended June 30,	**2012**	2011
Operating activities		
Net (loss) income for the period	**$ (48,035)**	$ 16,509
Items not affecting cash		
Deferred income tax (recovery)	**(4,095)**	(3,600)
Amortization	**26,381**	25,092
	(25,749)	38,001
Changes in non-cash working capital		
Accounts receivable and other	**14,695**	3,927
Prepaid expenses and deposit	**8,522**	(418)
Accounts payable and accrued liabilities	**(106,866)**	(25,383)
Deposit	**-**	435,415
Income taxes payable	**-**	2,150
	(109,398)	453,692
Effect of exchange rate changes on cash	**15,656**	4,551
Increase (decrease) in cash	**(93,742)**	458,243
Cash, beginning of period	**548,752**	422,871
Cash, end of period	**$ 455,010**	$ 881,114
Supplemental cash flow information		
Cash interest received	**$ -**	$ -
Cash taxes paid	**-**	8,115

During the periods, there were no investing and financing activities.

1. Description of business and continuing operations

GINSMS Inc. (the "Corporation") was incorporated in Alberta under the Canada Business Corporations 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. The Corporation's head office is located at 14/F Hang Lung House, 184-192 Queen's Road Central, Hong Kong where its operations are conducted. The address of the Corporation's registered office is 1900, 215 – 9th Avenue S.W., Calgary, Alberta, T2P 1K3. The Corporation's shares trade on the TSX Venture Exchange.

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) in Hong Kong. The consolidated financial statements of the Corporation as at and for the three month periods ended June 30, 2012 and 2011 comprise the Corporation and its w

2. Basis of presentation

These unaudited interim condensed financial statements of the Corporation as at and for the three months ended June 30, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Specifically they have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The unaudited interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2012 which have been prepared in accordance with IFRS.

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

Amounts are reported in Canadian dollars unless otherwise indicated.

3. Summary of significant accounting policies

The significant accounting policies used in the preparation of these unaudited interim condensed consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended March 31, 2012. There have been no changes to our accounting policies since March 31, 2012.

4. Property and equipment

June 30, 2012 **Cost**		**Leasehold improvements**		**Computer equipment and software**		**Furniture and fixtures**		**Total**
Balance, beginning of period	**$**	**81,543**	**$**	**533,650**	**$**	**2,238**	**$**	**617,431**
Exchange differences		**2,171**		**14,036**		**60**		**16,267**
Additions		**-**		**-**		**-**		**-**
Balance, end of period	**$**	**83,714**	**$**	**547,686**	**$**	**2,298**	**$**	**633,698**

June 30, 2012 **Accumulated depreciation**		**Leasehold improvements**		**Computer equipment and software**		**Furniture and fixtures**		**Total**
Balance, beginning of period	**$**	**47,040**	**$**	**448,850**	**$**	**2,238**	**$**	**498,128**
Exchange differences		**1,252**		**11,948**		**60**		**13,260**
Amortization for the period		**6,595**		**19,786**		**-**		**26,381**
Balance, end of period		**54,887**		**480,584**		**2,298**		**537,769**
Net book value, end of period	**$**	**28,827**	**$**	**67,102**	**$**	**-**	**$**	**95,929**

March 31, 2012 Cost		Leasehold improvements		Computer equipment and software		Furniture and fixtures		Total
Balance, beginning of year	$	79,101	$	516,523	$	2,171	$	597,795
Exchange differences		2,442		15,742		67		18,251
Additions		-		1,385		-		1,385
Balance, end of year	$	81,543	$	533,650	$	2,238	$	617,431

March 31, 2012 Accumulated depreciation		Leasehold improvements		Computer equipment and software		Furniture and fixtures		Total
Balance, beginning of year	$	26,874	$	354,176	$	2,171	$	383,221
Exchange differences		830		10,933		67		11,830
Amortization for the year		19,336		83,741		-		103,077
Balance, end of year		47,040		448,850		2,238		498,128
Net book value, end of year	$	34,503	$	84,800	$	-	$	119,303

5. 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:

	June 30, 2012			March 31, 2012		
	Shares		**Amount**	Shares		Amount
Balance, beginning and end of period	**43,337,499**	**$**	**929,386**	43,337,499	$	929,386

Escrow

The Corporation has 4,293,499 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.

Share purchase warrants

A summary of warrants as at June 30, 2012 and March 31, 2012, and the changes during the periods then ended is as follows:

		June 30, 2012		March 31, 2012
Balance, beginning of the period	**$**	**-**	$	385,702
Transfer to reserves on expiry of warrants		**-**		(385,702)
Balance, end of period	**$**	**-**	$	-

During the year ended March 31, 2012, 5,668,750 share purchase warrants exercisable into common shares at a price of $0.20 per share and 907,000 broker warrants exercisable into common shares at a price of $0.15 per share expired unexercised.

For the year ended March 31, 2012, all outstanding warrants and options to purchase common shares that were outstanding during the respective periods were not included in the calculations of the weighted average number of shares outstanding as they were anti-dilutive.

6. Reserves

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 ¼ of the options vesting in any three month period. The number of common shares reserved for issuance to any individual director or officer of the 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.

During the year ended March 31, 2012, the Corporation granted 1,375,000 options at $0.10 per share to directors and officers of the Corporation exercisable for a period of 10 years. The fair value is recognized as share-based compensation over the related vesting period of the options which is one half on each of the first two anniversary date of the options.

On January 5, 2012, the Corporation passed a resolution making all 1,375,000 outstanding directors and officers options immediately vested and exercisable. All other terms of the options remained unchanged from the original grant.

The total estimated fair value of these options as calculated using the Black-Scholes option pricing model is $43,729 which has been charged to operations for the year ended March 31, 2012.

	Exercise Price	Number of options	Fair value recorded
Balance, March 31, 2011		**-**	**$ -**
Granted to directors and officers	**$ 0.10**	**1,375,000**	**43,729**
Transfer on expiry of warrants		**-**	**385,702**
Balance, March 31, 2012 and June 30, 2012		**1,375,000**	**$ 429,431**

As of June 30, 2012, the weighted average remaining contractual life for the 1,375,000 options outstanding to directors and officers is 9.1 years with all options being fully exercisable.

6. Reserves (continued)

The following weighted average assumptions were used for valuing options granted during the year ended March 31, 2012:

	Directors and Officers
Risk-free interest rate (based on five years Bank of Canada bond yield)	2.20%
Expected volatility (based on expected volatility)	120%
Dividend yield (based on management 's expectations over the next year)	0%
Forfeiture rate (Based on management's expectation over the contract terms)	0%
Expected life of each option granted (based on contract terms)	6 years

7. 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, 2011 for a period of two years with future commitments as follows:

July 1, 2012 – December 31, 2012	HKD $120,000	CDN $15,900

b) The Corporation entered into a lease agreement for rental of premises commencing May 1, 2012 for a period of one year with monthly rental payments of RMB $4,600 CDN $750 and a deposit paid in advance of RMB $8,800 CDN $1,400.

8. Related party transactions

The Corporation had the following related party transactions that have been recorded at their exchange amounts for the three months ended June 30, 2012 and 2011:

Three month period ended June 30	**2012**	2011
Consulting fees paid to a company controlled by a director or a shareholder	**$ 20,719**	$ 17,211
Consulting fees paid to directors	**6,936**	3,919
Management salaries paid to an officer	**15,853**	4,006
Rent charged by a family member of a director	**7,652**	7,841

Included in accounts payable and accrued liabilities is an amount of $4,234 (March 31, 2012 - $4,959) 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.

9. 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.

9. Financial risk management (continued)

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 income in the current year.

The following table summarizes the accounts receivable overdue:

	Total	Due in 30 days	30 days to 90 days overdue	Over 90 days overdue
June 30, 2012	$ 135,204	$ 135,204	$ -	$ -
March 31, 2012	146,238	146,238	-	-

Of significant individual accounts receivable as at June 30, 2012 approximately 75 percent was owed from the largest four customers (March 31, 2012 – 74 percent was owed from four customers).

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

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 statement of financial position date except for $10,218 as of June 30, 2012 (March 31, 2012 - $9,932) which are due between three and twelve months of the statement of financial position date. Income taxes payable are due within twelve months of the statement of financial position date.

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

9. Financial risk management (continued)

d) Fair values

At June 30, 2012, the fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values given the expected short-term to maturity of these instruments.

The Corporation has classified the financial instruments measured at fair value in accordance with a three level hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair values of the financial assets and liabilities. The fair value hierarchy has the following levels:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. At June 30, 2012 and March 31, 2012, the Corporation's cash has been assessed at level 1 based on the fair value hierarchy above.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

	June 30, 2012			March 31, 2012		
	Carrying value		**Fair value**	Carrying value		Fair value
	FVTPL	**L&R**	**Total**	FVTPL	L&R	Total
Financial assets						
Cash	**$ 455,010**	**$ -**	**$ 455,010**	$ 548,752	$ -	$ 548,752
Accounts receivable	**-**	**135,204**	**135,204**	-	146,238	146,238
	$ 455,010	**$ 135,204**	**$ 590,214**	$ 548,752	$ 146,238	$ 694,990

	June 30, 2012			March 31, 2012		
	Carrying value		**Fair value**	Carrying value		Fair value
	FVTPL	**Other liability**	**Total**	FVTPL	Other liability	Total
Financial liabilities						
Accounts payable	**$ -**	**$ 43,614**	**$ 43,614**	$ -	$ 149,742	$ 149,742

9. Financial risk management (continued)

e) Capital management

Capital is comprised of share capital, warrants, reserves, accumulated other comprehensive loss and deficit on the statement of financial position. 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.

f) Currency risk

Foreign currency risk is defined as the Corporation'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 Corporation 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 HKD. The Corporation's related exposure to the foreign currency rates is primarily through cash and other working capital elements of these foreign operations.

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

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

	June 30, 2012		March 31, 2012	
	Hong Kong Dollars	**Cdn Equivalent**	Hong Kong Dollars	Cdn Equivalent
Cash	**$ 3,058,060**	**$ 403,987**	$ 3,911,245	$ 503,300
Accounts receivable and other	**1,023,454**	**135,204**	1,136,447	146,238
Accounts payable and accrued liabilities	**(109,662)**	**(14,487)**	(372,847)	(49,978)

10. 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 for the three months ended June 30, 2012 and 2011 as indicated in the following table:

Three month period ended June 30	2012	2011
Customer A	$ 42,355	$ 42,650
Next three top customers		
Customer B	30,768	37,773
Customer C	19,978	32,713
Customer D	19,899	24,202
All other customers	44,088	44,472
Revenues	$ 157,088	$ 181,810

Three months ended		June 30, 2012			June 30, 2011	
	Investment	SMS	Total	Investment	SMS	Total
Revenues	$ -	$ 157,089	$ 157,089	$ -	$ 181,810	$ 181,810
Amortization of property and equipment	-	(26,381)	(26,381)	-	(25,092)	(25,092)
Share based compensation	-	-	-	-	-	-
Provision for income Taxes	-	(890)	(890)	-	(6,771)	(6,771)
Net (loss) income	$ (39,264)	$ (8,771)	$ (48,035)	$ (14,648)	$ 31,157	$ 16,509
Segment assets, total	$ 67,910	$ 681,090	$ 749,000	$ 48,738	$ 1,202,342	$ 1,251,080
Total expenditures for additions to property and equipment	$ -	$ -	$ -	$ -	$ -	$ -

11. Business acquisition transaction

Share purchase agreement

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

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

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

Consulting agreement

A director of the Corporation, Mr. Raymond Richard, has entered on July 12, 2012 into a consulting agreement with the Company (the "**Consulting Agreement**") for the purposes of providing consultancy services with respect to finalizing and supervising the documentation and regulatory filings required for the Closing of the Transaction. Under the Consulting Agreement, the Corporation has paid Mr. Richard a fee of $15,000 on July 31, 2012 and has agreed to pay Mr. Richard a monthly fee of $4,000 during the term of the Agreement. In addition, under the Consulting Agreement, Mr. Richard will be entitled to receive a one-time payment of $35,000 upon the Closing of the Transaction. The Corporation also agreed to pay a termination payment of $48,000 should the Corporation decide to terminate the Consulting Agreement

12. Comparative financial statements

Certain prior years' comparative figures have been restated to conform to the current year's presentation.