1. DATE AND GENERAL INFORMATION

This management’s discussion and analysis (“MD&A”) of GINSMS Inc. (“GINSMS” or the “Corporation”) has been prepared by management and should be read in conjunction with the Corporation’s annual audited financial statements and MD&A as at and for the year ended March 31, 2015, the Corporation’s consolidated financial statements as at and for the three and six months ended September 30, 2015, and the notes thereto which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

This MD&A was prepared as of November 11, 2015. Additional information regarding the Corporation is available on SEDAR at www.sedar.com. All monetary amounts set forth in the MD&A are expressed in Canadian dollars, except where otherwise stated. Other currencies are mainly United States dollars (“USD”), Hong Kong dollars (“HKD”), China renminbi (“RMB”), Singapore dollars (“SGD”), Malaysian dollars (“MYR”) and Indonesian rupiah (“IDR”).

The Corporation Board of Directors has reviewed and approved this MD&A.

Caution Regarding Forward-Looking Information

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

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

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

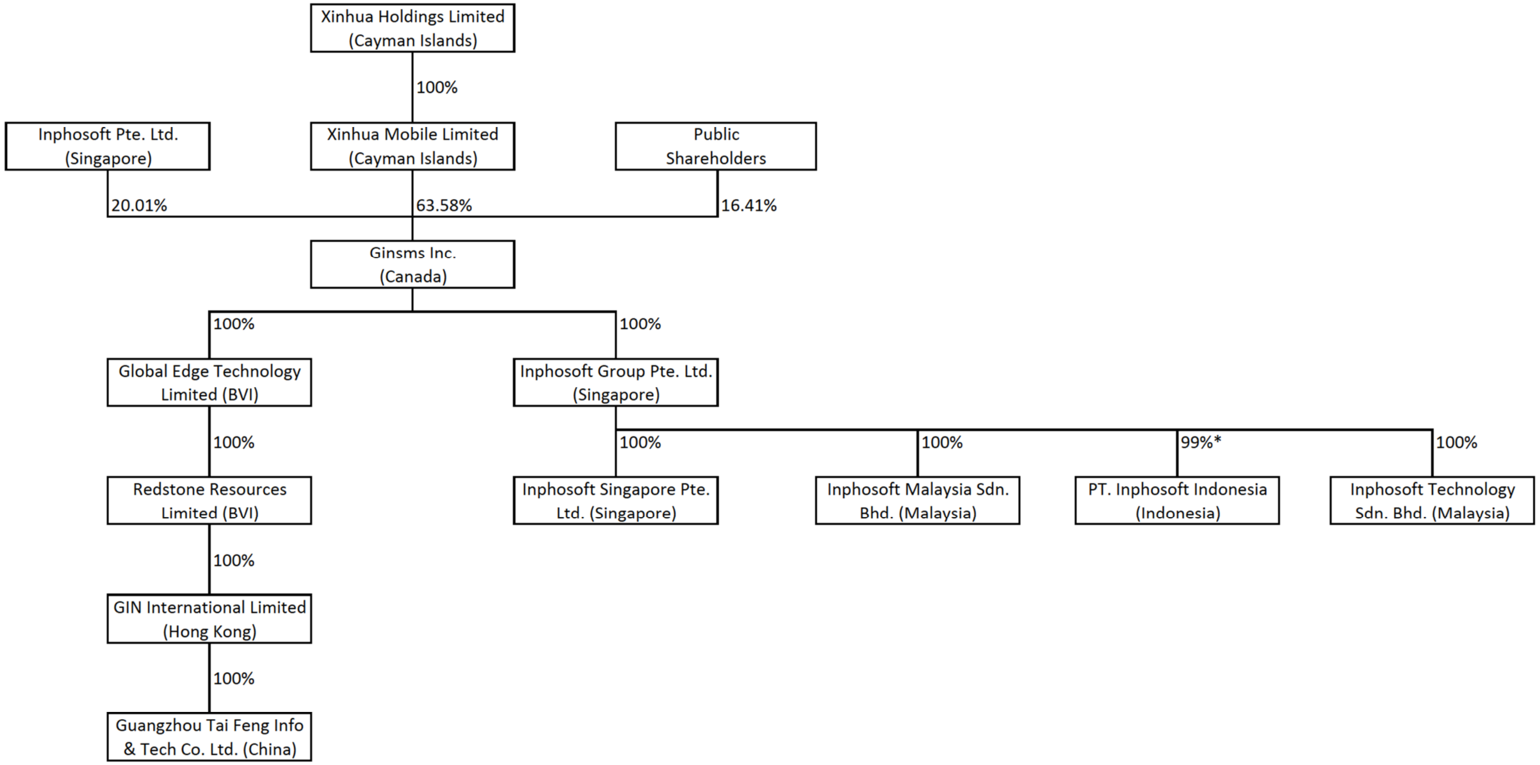
- Management’s belief that the availability of 3G/4G services in China and the rest of the world will continue to create demand for the Corporation’s software products and services.
- Management’s belief that the future growth in messaging is in the area of application-to-person (“A2P”) messaging and the Corporation’s investment in this area will create a viable and profitable business in the future.
- Management’s belief that the Corporation is able to generate sufficient amounts of cash through operations and financing activities to fulfil the working capital requirements of its present operations.

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

2. OVERALL PERFORMANCE – DESCRIPTION AND OUTLOOK OF BUSINESS

Group Structure

The following chart depicts the structure of the group. The country of incorporation for each entity in the group is enclosed in brackets next to the name of the entity.



The Corporation has two main business segments:

a) Messaging Business
b) Software Products and Services

Messaging Business

The Corporation operates its messaging business through Gin International Ltd. ("GIN"), its wholly-owned subsidiary in Hong Kong. Until recently, GIN was focused on providing inter-operator short messaging services ("IOSMS messaging") to mobile telecom operators in Hong Kong. IOSMS messaging is a short message services ("SMS") gateway providing connections between all mobile and fixed line operators. As a consequence of increased competition and the continuous decline of person-to-person ("P2P messaging") SMS traffic, the Corporation decided on September 12, 2014 to discontinue its IOSMS messaging service to focus exclusively instead on the application-to-peer ("A2P messaging") messaging business.

On March 27, 2014, the Corporation officially launched its cloud-based A2P messaging service. The service allows the transmission of SMS to mobile subscribers of more than 100 mobile operators globally. This is achieved through partnerships with service providers and direct connections with mobile operators globally. GIN's close working relationships with mobile operators in China, Hong Kong and Southeast Asia puts it in a good position to become a leading provider of A2P SMS service in Asia.

Through its cloud-based A2P messaging service, GIN enables mobile application developers, SMS gateways, enterprises and financial institutions to deliver SMS worldwide without any upfront capital investment through the use of GIN's rich application programming interface ("API"). GIN generates revenue by charging its customers a price per message for each SMS delivered to a mobile subscriber. The price per message is dependent on the country where the SMS is delivered and the volume of messages sent by the customer.

Mobile application developers use A2P messaging service to deliver one-time-passwords ("OTP") for authentication of over-the-top ("OTT") mobile applications, in-app purchase confirmations or promotion of latest game releases. Enterprises and financial institutions use the A2P service in the areas of mobile marketing, mobile transactions, security, customer relationship management ("CRM") and enterprise resource planning ("ERP").

Juniper Research *(http://www.transparencymarketresearch.com/pressrelease/a2p-sms-market.htm)* predicts that in 2016, revenue from A2P messaging will overtake that of P2P messaging as the mobile messaging ecosystem shifts from communication between individuals to sending and receiving service-enabling messages.

For the six months ended September 30, 2015, GIN generated revenue of $1,874,351 for its new service as compared to $182,951 for the six month ended September 30, 2014. The increase is substantial and GIN is expecting to grow the revenue significantly in the future.

To be successful in this new business, substantial investment has to be made in the areas of research and development. Up to September 30, 2015, GIN has spent about $270,000 to develop new services and improve the performance of its cloud-based A2P service.

Guangzhou Tai Feng Info & Tech Co. Ltd, incorporated in China, is a dormant company.

Software Products and Services

GINSMS operates its Software Products and Services business through Inphosoft Group Pte Ltd. ("Inphosoft"), its wholly-owned subsidiary. Inphosoft is headquartered in Singapore with subsidiaries in Malaysia and Indonesia.

The activities of Inphosoft consist of providing software products and services with a focus in the following areas:

a. Provision of products and solutions to mobile operators in the areas 3G/4G mobile data value-added services like mobile entertainment and mobile advertising.
b. Provision of mobile application development services.
c. Provision of support and maintenance services to customers that have purchased its products and solutions.

Inphosoft Singapore Pte Ltd ("ISPL")

ISPL provides software products and services to local enterprises in Singapore and global companies in the telecommunication industry. The products and services provided fall largely into the following categories:

a. Products and solutions for mobile operators in the areas of 3G/4G mobile data value-added services like mobile entertainment and mobile advertising. Revenue is generated through license fees of ISPL's products and a negotiated fixed fee for developing the bespoke software solutions required by customers. The cost of sales incurred would be mainly the salary of the employees working on these projects (tracked by the timesheets they fill). Occasionally, cost of sales may also include subcontractor fees paid to other companies. ISPL is not actively creating new products hence the revenue from license fees is reducing over time.

b. Mobile application development services to local enterprises. Revenue is generated by two methods:
    - Charging a fixed fee to the customer for a project with a defined scope of work.
    - Charging the customer for the resources provided to the customer on a time and material basis. An example is the time and materials contract with Activate.

  The cost of sales incurred would be mainly the salary of the employees working on these projects (tracked by the timesheets they fill).

c. Support and maintenance services to customers that have purchased its products and services. ISPL will charge the customers a negotiated fee to provide support and maintenance services for a specified period (usually a year). The fee charged depends on the complexity of the products and solutions covered by the support and maintenance contract. Cost of sales incurred would be mainly the salary of the employees working on these projects.

The main research and development focus of ISPL is on developing new features, enhancing the performance as well as providing technical support for the A2P Cloud platform that supports the Company's A2P business. Salaries, office rental, amortization of development costs and interest expenses on loans from related parties are the major costs of ISPL.

Inphosoft Malaysia Sdn Bhd ("IMSB")

IMSB is providing services to enterprise customers in Malaysia and global companies in the telecommunication industry to develop bespoke software solutions that meet the requirements of the customers. IMSB will charge a customer a negotiated fixed fee for each project. The cost of sales incurred would be mainly the salary of the employees working on these projects. IMSB does not earn revenue from license fee as it does not create new products. IMSB provides technical and sales resources to support GIN's A2P business operations. IMSB also outsources its technical resources to Activate on a time and material basis. Salaries and office rental are the major costs of IMSB.

PT Inphosoft Indonesia ("PTIN")

PTIN is providing services to enterprise customers in Indonesia to develop bespoke software solutions that meet the requirements of the customers. PTIN does not earn revenue from license fee as it does not create new products. However, it outsources it resources to ISPL in area of research and development. PTIN has started to provide A2P messaging service in 2016. PTIN also outsources its technical resources to Activate on a time and material basis. Salaries, amortization of development costs and office rental are the major costs of PTIN.

Inphosoft Technology Sdn Bhd ("ITSB")

ITSB is a dormant company.

Brief summary Inphosoft's business and operation

Inphosoft's main customers are mobile operators and these customers have been cutting their budget for investments in value-added services. This lower level of investment negatively impacted Inphosoft's business. Inphosoft is also facing increased competition from local and international competitors. As a result, management expects Inphosoft's business to continue to weaken. Inphosoft is taking steps to rein in operation cost as well as diversifying its customer base such that it becomes less dependent on mobile operators.

Hence the Corporation wrote off were for the development costs of the projects that were no longer capable to generate future economic benefits in the prior year ended March 31, 2015. The management had reviewed the projects and decided these projects to be stopped and the related development costs to be written off. The Corporation had also performed the review of impairment of intangible assets in conjunction with the review of impairment of goodwill in the year ended March 31, 2015. This was because the intangible assets were part of the net assets of Inphosoft Group that were acquired by the Company in 2012.

At the same time, with Inphosoft's expertise in the telecommunications industry, the Company sees an opportunity to venture into the A2P business by leveraging on GIN's license and infrastructure in Hong Kong and the technical competency and existing products of Inphosoft. Therefore, substantial technical resource from Inphosoft's team was channeled to develop the A2P Cloud platform by extending the functionalities of an existing Inphosoft product called Mobile Campaign Manager. The A2P Cloud platform was completed in March 2014 and the A2P business was officially launched on March 27, 2014. ISPL provides research and development and technical support for the A2P Cloud platform and IMSB provides the sales and technical support for the operations of GIN.

ISPL, IMSB and PTIN also managed to conclude time and material agreements with Activate Interactive Pte Ltd ("Activate") in April 2015 to provide technical resources to Activate for the purpose of developing software for Activate's customers and to perform certain pre-sales roles, on a time and material basis. The revenue and margin of Inphosoft has improved since the signing of the agreements with Activate. Activate became a related party when Mr. Joel Siang Hui Chin, the Chief Executive Officer of the Corporation, acquired 85% shareholdings in Activate in July 2015.

Other than supporting the A2P business, the focus of Inphosoft now is to provide solution to support the need of existing customers and to look for additional enterprise customers to increase sales. Inphosoft will not be focusing on creating new products. Hence professional fee and support and maintenance revenue will continue to increase or be stable. However, license fee revenue will decline over time.

Inphosoft managed to increase its revenue to $527,488 for the six months ended September 30, 2015 compared to the $430,384 in the six months ended September 30, 2014.

3. RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2015

Selected Profit and Loss Information

Financial Highlights	Three-month period ended September 30, (Unaudited)		Six-month period ended September 30, (Unaudited)	
	2015	2014	2015	2014
Revenues $				
A2P Messaging Service	1,066,242	104,836	1,874,351	182,951
IOSMS Messaging Service	-	9,148	-	33,327
Software Products & Services	264,551	199,575	527,488	430,384
	1,330,793	313,559	2,401,839	646,662
Cost of sales $				
A2P Messaging Service	966,867	96,840	1,744,871	169,890
IOSMS Messaging Service	-	28,740	-	71,784
Software Products & Services	201,653	174,291	417,377	337,234
	1,168,520	299,871	2,162,248	578,908
Gross profit $				
A2P Messaging Service	99,375	7,996	129,480	13,061
IOSMS Messaging Service	-	(19,592)	-	(38,457)
Software Products & Services	62,898	25,284	110,111	93,150
	162,273	13,688	239,591	67,754
Gross margin %				
A2P Messaging Service	9.3%	7.6%	6.9%	7.1%
IOSMS Messaging Service	-	(214.2%)	-	(115.4%)
Software Products & Services	23.8%	12.7%	20.9%	21.6%
	12.2%	4.4%	10.0%	10.5%
Adjusted EBITDA[(1)] $	(271,943)	(320,110)	(521,685)	(559,108)
Adjusted EBITDA margin	(20.4%)	(102.1%)	(21.7%)	(86.5%)
Net earnings $	(888,217)	(857,801)	(1,724,893)	(1,590,226)
Net earnings margin	(66.7%)	(273.6%)	(71.8%)	(245.9%)
Net earnings (loss) per share $				
Basic	(0.02)	(0.02)	(0.03)	(0.03)
Diluted	(0.02)	(0.02)	(0.03)	(0.03)

(1) Adjusted EBITDA is a non-GAAP measure related to cash earnings and is defined for these purposes as earnings before income taxes, depreciation and amortization (in both cost of sales and general and administration expenses), interest expenses, the accretion on obligations and also excludes certain non-recurring or non-cash expenditure.

Revenues

For the three and six months ended September 30, 2015, revenue was $1,330,793 and $2,401,839 compared to $313,559 and $646,662 for the three and six months ended September 30, 2014 respectively. This is largely due to the increase in revenue in both A2P SMS service and software products and services.

a) Messaging business segment

The A2P messaging service that the Corporation introduced on March 27, 2014 generated revenue of $1,066,242 and $808,109 for the three months ended September 30, 2015 and June 30, 2015 respectively.

Pricing of the A2P business is affected by volume, regulatory requirement in each country (i.e. the destination of messages delivered), competition within the country and others factors. The margin varies from country to country and varies from customer to customer as the Corporation attempt to gain market share in different countries. The price per message is fixed for each customer but different customers may have difference price per message. The margin is lower in some countries where the messaging market is more competitive. In other market, due to the regulatory requirement, the Corporation can earn higher margin.

The increase in the revenue of the A2P messaging service is primarily contributed by the increase in the total volume of A2P messages delivered from 38.0 million for the three months ended June 30, 2015 to 58.2 million for the three months ended September 30, 2015. The following analysis is based on the volume of messages delivered to various destinations. This differs from the segmented information for revenue by geographical location, which is based on the location of operations of our customers.

Messages delivered to China totaled 24.8 million, representing 42.6% of the total volume for the three months ended September 30, 2015, which significantly increased by 512.0% from the three months ended June 30, 2015. This is primarily due to the increased contribution from a major customer that uses the Company's A2P service to deliver OTP messages to mobile subscribers in China.

Messages delivered to Malaysia totaled 13.1 million, representing 22.5% of the total volume for the three months ended September 30, 2015, which slightly decreased by 2.3% from the three months ended June 30, 2015. This is primarily due to the reduced contribution from a few customers that use the Company's A2P service to deliver marketing messages to mobile subscribers in Malaysia.

Messages delivered to Indonesia totaled 12.9 million, representing 22.1% of the total volume for the three months ended September 30, 2015, which decreased by 8.7% from the three months ended June 30, 2015. This is primarily due to the reduced contribution from a major customer that uses the Company's A2P service to deliver marketing messages to mobile subscribers in Indonesia.

Messages delivered to Taiwan totaled 6.2 million, representing 10.7% of the total volume for the three months ended September 30, 2015, which significantly increased by 18.9% from the three months ended June 30, 2015. This is primarily due to the increased contribution from a major customer that uses the Company's A2P service to deliver OTP messages to mobile subscribers in Taiwan.

The average price per message charged to customers is $0.0183 for the three months ended September 30, 2015 compared to $0.0213 for the three months ended June 30, 2015. The price per message charged to customers may differ greatly depending on the location where the A2P message is delivered. For example, A2P messages delivered to China are priced at less than 50% of A2P messages delivered to Indonesia, Malaysia and Taiwan. Therefore, the average price per message for the A2P business will be dependent on the number of messages delivered to each country. Furthermore, the price per message per country charged to a customer may depend on the volume commitment of the customer. For the three months ended September 30, 2015, the average price per message decreased quarter-on-quarter primarily because of the increase of messages delivered to China where the average price per message is significantly lower.

b) <u>Software products and services segment</u>

Revenue in the Software Products and Services segment generated through Inphosoft's global partner, Acision, had declined significantly for the past one year and is not expected to recover soon. Acision had downsized its global sales team to focus on Acision's core products and places less emphasis on reselling partners' products. This resulted in the reduced demand for the Corporation's products. The Corporation's business partner, Activate Interactive Pte Ltd, had helped the Corporation increase its revenue in the Software Products and Services segment by 22.6% from $430,384 for the six months ended September 30, 2014 to $527,488 for the six months ended September 30, 2015. During this period, the revenue contributed by Activate was $271,707. Without this contribution, revenue would be $255,781 for the six months ended September 30, 2015 and that would mean a decline of 40.6% from revenue of $174,603 for six months ended September 30, 2014. Moving forward, the Corporation believes that the business conditions in the Software Products and Services segment will remain challenging. The Corporation believes it needs to focus its efforts on other areas in order to create new revenue streams.

Cost of Sales

Cost of Sales	Three-month period ended September 30,	Six-month period ended September 30,

	(Unaudited)		(Unaudited)	
	2015	2014	2015	2014
Amortization				
- Development expenditure	29,102	42,388	57,876	89,640
Depreciation				
- Property and equipment	9,324	8,591	18,193	17,122
Salaries and wages	142,701	105,970	293,136	202,091
Subcontractor costs	968,162	125,582	1,755,922	241,675
Others	19,231	17,340	37,121	28,380
	1,168,520	299,871	2,162,248	578,908

For the three and six months ended September 30, 2015, cost of sales was $1,168,520 and $2,162,248 compared to $299,871 and $578,908 for the three and six months ended September 30, 2014 respectively.

a) Messaging business segment

The cost of sales for messaging business is mainly the costs charged by the messaging gateways. IOSMS messaging business was being phased out hence it was not surprising the gross margin was negative. Even without the revenue generated via IOSMS, the gateway had to be paid in the duration of the contract signed between the subsidiary and the gateway.

For the A2P messaging service, the subcontractor costs are the costs paid to mobile operators and gateway providers ("A2P Suppliers") for usage of their infrastructure to deliver A2P messages to mobile subscribers. The A2P Suppliers charged GIN a per-message cost for delivering the message. The cost per message differs depending on the country where the message was delivered and the volume commitment that GIN has with the A2P suppliers. The higher the volume commitment, the lower the rates that GIN will be charged by the providers.

b) The increase of 24.3% in the subcontractor costs in quarter ended September 30, 2015 from the quarter ended June 30, 2015 was lower than the increase of 32% in revenue in A2P messaging service in the same quarter was mainly due to higher discount given by the A2P Suppliers when the Corporation met the threshold volume of messages delivered.

Software product and services segment

The software products and services business is service-based and there is no consideration of amount of volumes processed for which revenue was generated.

Increase of salaries and wages in costs of sales for the quarter ended September 30, 2015 compared to quarter ended September 30, 2014 is mainly due to increase in headcount of Inphosoft staff to provide technical and sales resources to support GIN's fast growing A2P messaging business operations. A2P messaging revenue has increased tenfold from the quarter ended September 30, 2014 to the quarter ended September 30, 2015.

The cost of sales for the quarter ended September 30, 2015 and for the quarter ended June 30, 2015 remained relatively unchanged. The software products and services segment had focused on more business from Activate that had grown by 14% for the quarter ended September 30, 2015 compared to the quarter ended June 30, 2015.

Gross Margin

As GIN has terminated its IOSMS messaging business effective on September 12, 2014, this should have improved the overall gross margin of the Corporation. Instead, the overall gross margin declined from 16.2% for the three months ended June 30, 2014 to 7.2% for the three months ended June 30, 2015 as the Corporation was offering competitive prices in order to gain market share in the A2P messaging market. However, the situation has now improved as for the three and six months ended September 30, 2015, the overall gross margin has improved to 12.2% and 10.0% respectively. The improvement is mainly attributed to the higher gross margin of 23.8% earned in the Software Products and Services segment for the three months ended September 30, 2015.

For A2P messaging business, the gateway fee charged depended on how the subsidiary negotiated the fees based on the estimated volume of messages to pass through the gateway. When A2P messaging business was in the beginning phase, the subsidiary had to charge lower fees to capture the messaging market. At the same time, the gateway would not give better rate to the subsidiary as a new player in the messaging market. That was why the gross margin of A2P messaging business was on average less than 10%.

Gross margin from some key North Asia customers is about four times more than the gross margin from the key South East Asia customers. Increase in volume of messages traffic hence increase in revenue for A2P messaging business from the quarter ended June 30, 2015 to September 30, 2015 is primarily from North Asia clients. With the higher margin earned from these North Asia clients, the gross margin improved from 3.7% in the quarter ended June 30, 2015 to 9.3% in the quarter ended September 30, 2015.

The volume of message traffic and revenue from other regions remained relatively unchanged in the two quarters.

For Software Products and Services business, the revenue is mainly generated from the two sources as follows:

a) Professional services fees

Professional services revenue is generated by two methods:

- Charging a fixed fee to the customer for a project with a defined scope of work. This is mainly for developing be-spoke software solutions that meet the need of the customers.
- Charging the customer for the resources provided to the customer on a time and material basis. A fixed fee per resource per unit time (usually hour or

day) is charged to the customer based on a negotiated fee for the said resource. An example is the time and materials contract with Activate.

The cost of sales incurred would be mainly the salary of the employees working on these projects (tracked by the timesheets they fill). For the development of a be-spoke software solution based on a fixed fee, the gross margin can fluctuate depending on the fee that was negotiated and also the ability to deliver the project as per planned. Typically, the gross margin has been in the range of 10% to 20%. For time and material contracts, the gross margin is based on the mark-up for each resource, which can range from 20% for resources based in Singapore to 50% for resources based in Malaysia and Indonesia.

b) Support and maintenance fees

Inphosoft charges a fee to customers who have elected to purchase after sale support and maintenance services. The fee is usually charged on a yearly basis pre-paid in advance. Support and maintenance is provided round the clock seven days a week to customers who have purchased Inphosoft's products or bespoke software, or both, and the support and maintenance services. Cost of sales incurred would be mainly the salary of the employees providing round the clock support services.. The gross margin for the support and maintenance contracts are usually more than 20%.

Inphosoft research and develops its own software products for the telecommunication industry and these software products are sold by charging customers license fees in return for the right-to-use the software. The license fee revenue has been decreasing because Inphosoft has not been creating new products and the old products have not been selling well. The revenue from license fees is now immaterial.

The overall gross margin for the Software Products and Services segment is in-line with management's expectations of approximately 20% to 25%. This margin should remain stable but could be adversely affected if there are cases of project cost overrun. Project cost overrun can occur during the delivery of a software solution to customers.

The gross margin of Software Products and Services improved from 12.7% for the quarter ended September 30, 2014 to 23.8% for the quarter to September 30, 2015 primarily due to the broad-based professional services provided to Activate on a time and material basis. Activate is a government contractor that provides software products and services tailored to the needs of Singapore government agencies. Activate values the skills and expertise of Inphosoft hence Inphosoft is able to command a premium for its service to Activate. Without the business from Activate, Inphosoft would have earned only gross margin of 10.5% for the quarter ended September 30, 2015.

Operating Expenses and Finance Costs

	Three-month period ended September 30, (Unaudited)	**Six-month period ended September 30, (Unaudited)**

	2015	2014	2015	2014
Salaries and wages	165,138	221,533	330,725	447,570
Professional fees	113,103	105,014	192,490	149,179
Foreign exchange loss	109,684	493	142,553	16,090
Depreciation (expense)				
-Property and equipment	3,290	3,457	6,587	7,183
Amortization (expense)				
-Intangible assets-contracts	-	55,589	-	111,179
-Intangible assets-software	-	39,337	-	78,675
Other general and administrative expenses	84,717	62,541	171,577	120,785
Interest expenses	157,706	31,066	299,366	42,468
Accretion on obligations	416,602	352,242	818,364	684,552
	1,050,240	871,272	1,961,662	1,657,681

Operating expenses and finance costs amounted to $871,272 and $1,050,240 for the three and six months ended September 30, 2014 respectively compared to $1,657,681 and $1,961,662 for the three and six months ended September 30, 2015 respectively. The increase shown in the three and six months ended September 30, 2015 is attributed partly to increase in foreign currency exchange loss incurred by the Corporation as United States Dollars strengthened against Singapore Dollars, Ringgit Malaysia and Indonesia Rupiah. In addition, interest expenses increased for the three and six months ended September 30, 2015 due to more loans from the related parties and the rollover effect on the daily compounded interest on the outstanding loans. The Corporation has not been able to repay any loans from related parties.

The cost cutting exercise undertaken by the Corporation in the prior year ended March 31, 2015 was mainly to freeze hiring of new staff for its Software Products and Services business. Staff who left the Corporation due to natural attrition in non-critical roles are not replaced. The Corporation also actively cuts down the amount of business travel related to the Software Products and Services business. The total number of staff in the Software Products and Services business decreased from 33 in September 30, 2014 to 26 in September 30, 2015. Salaries and related cost (in both costs of sales and operating expenses) pertaining to the Software Products and Services business reduced from $279,017 and $553,889 for the three and six months ended September 30, 2014 to $235,387 and $492,820 (in both costs of sales and operating expenses) for the three and six months ended September 30, 2015. The travel expenses incurred for the Software Products and Services business decreased from $7,936 and $12,306 for the three and six months period ended September 30, 2014 to $3,582 and $11,401 for the three and six months period ended September 30, 2015.

As a group, the total number of staff decreased from 39 in September 30, 2014 to 33 in September 30, 2015. Consequently, salaries and related costs (in both costs of sales and operating expenses) decreased from $327,503 and $649,661 for the three and six months ended September 30, 2014 to $307,839 and $623,861 (in both costs of sales and operating expenses) for the three and six months ended September 30, 2015. This is due to the cost-cutting measures for the Software Products and Services business, partially offset by the increased in cost in the A2P business segment. The increase in cost for the A2P business is to support the growth of the business. For the three and six months ended September 30, 2015, revenue increased 324% and 271% compared to the three and six months ended September 30, 2014 respectively.

Net loss

The net loss for the three and six months ended September 30, 2015 amounted to $888,217 and $1,724,893 compared to a net loss of $857,801 and $1,590,226 for the same periods in the previous year.

The increase in net loss for the three months and six months ended September 30, 2015 compared to the same periods in the previous year is mainly due to higher accretion costs, loan interest expenses and foreign exchange loss, partly offset by higher gross profit and lower amortization expenses.

Accretion costs amounted to $416,602 and $818,364 in the three and six month period ended September 30, 2015 respectively compared to $352,242 and $684,552 in the three and six month period ended September 30, 2014 respectively. Loan interest expenses amounted to $157,706 and $299,366 in the three and six month period ended September 30, 2015 respectively compared to $31,066 and $42,468 in the three and six month period ended September 30, 2014 respectively. Foreign exchange loss amounted to $109,684 and $142,553 in the three and six month period ended September 30, 2015 respectively compared to $493 and $16,090 in the three and six month period ended September 30, 2014 respectively. However, there is no more amortization of intangible assets in the current periods as the costs of intangible assets have been fully impaired in the year ended March 31, 2015.

Selected Balance Sheet Information

	September 30, 2015 (Unaudited) $	March 31, 2015 (Audited) $
Current assets		
Cash	127,232	515,208
Accounts receivable and other	1,163,905	781,552
Prepaid expenses	171,778	109,062
	1,462,915	1,405,822
Fixed Assets		
Property and equipment	59,522	70,809
Development expenditures	581,633	606,044
TOTAL ASSETS	2,104,070	2,082,675
Current Liabilities		
Accounts payable and accrued liabilities	1,189,338	1,160,432
Interest-free advance from a related party	389,461	-
Provision for taxation	410	-
Promissory note payable	400,000	400,000
Convertible debentures	-	8,290,903

	1,979,209	9,851,335
Loans from related parties	2,744,583	2,293,970
Deferred income tax liability	3,257	1,145
TOTAL LIABILITIES	4,727,049	12,146,450
Shareholders' Equity		
Share capital	10,484,429	1,339,386
Reserves	-	131,995
Equity component of convertible debentures	-	35,776
Accumulated comprehensive income	79,667	23,363
Deficit	(13,181,949)	(11,590,406)
Non-controlling interest	(5,126)	(3,889)
	(2,622,979)	(10,063,775)
TOTAL LIABILITIES & EQUITY	2,104,070	2,082,675

(1) The figures reported above are based on the condensed interim consolidated financial statements of the Company which have been prepared in accordance with International Financial Reporting Standard.

Total assets of GINSMS including cash, accounts receivable, prepaid expenses, property and equipment and development expenditures as at September 30, 2015 totalled $2,104,070 compared to $2,082,675 as at March 31, 2015. Cash on hand amounted to $127,232, compared to $515,208, a decrease of 75.3%. The decrease was mainly due to getting smaller loans from the related parties in the current quarter ended September 30, 2015 as the Corporation relied more on the cash flow from its operations. The cash flow from financing activities is $464,075 and $518,598 for the three and six months ended September 30, 2015 respectively compared to $368,980 and $668,514 for the three and six months ended September 30, 2014 respectively, as shown in Section 5 Liquidity and Capital Resources.

Accounts receivable and other

	September 30, 2015 (Unaudited) $	**March 31, 2015 (Audited) $**
Accounts receivable (third parties)	870,234	684,293
Accounts receivable (a related party)	189,255	-
Accounts due from customers on contracts	104,416	97,259
TOTAL ACCOUNTS RECEIVABLE AND OTHER	1,163,905	781,552

Included in accounts receivables and other as of September 30, 2015 are accounts receivable $189,255 due from a company that is 85%-owned by the Chief Executive Officer of the Corporation, Activate Interactive Pte Ltd. ("Activate").

Increase in accounts receivables (third parties) are mainly from the customers of A2P Messaging Service. This is in line with the rapid growth in A2P business segment.

Accounts payable and accrued liabilities

	September 30, 2015 (Unaudited) $	March 31, 2015 (Audited) $
Accounts payable	757,869	546,895
Amounts due to customers on contracts	56,719	54,685
Deferred income	72,281	130,206
Accrued liabilities	302,469	428,646
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,189,338	1,160,432

a) Increase in accounts payable as at September 30, 2015 compared with March 31, 2015 was in line with the increase in accounts receivable.

Increase in both accounts receivable and accounts payable were mainly from one subsidiary, GIN International Limited ("GIN"). GIN's main business was A2P messaging business that contributed more than 50% in revenue and in cost of sales for the three and six month ended September 30, 2015. Accounts payable of GIN was mainly the gateway providers for the A2P messaging business.

As explained in Section 2 – Overall Performance, A2P messaging business commenced on March 27, 2014. The A2P messaging business had grown rapidly since then.

The factors stated above contributed to the substantial increase in accounts payable.

b) Amounts due from / to customers on contracts are related to the professional fees revenue of Software Products and Services business segment. For the professional fees revenue, the subsidiaries will issue invoice to the customers based on the timeframe specified in the contracts but the project manager will assess the progress of the project work and determine the percentage of completion based on actual work performed by the staff at the end of the month. When the revenue computed using the percentage of completion is more than the invoiced amount for the month, the understated revenue is considered amounts due from customers on contracts. When the revenue computed using the percentage of completion is less than the invoiced amount for the month, the overstated revenue is considered amounts due to customers on contract.

c) Deferred income is related to the support and maintenance revenue of Software Products and Services business segment. For support and maintenance revenue, the subsidiaries will usually invoice the customers in advance for the support and maintenance services to be provided in the coming year. Deferred income is computed for the number of months of unutilised support and maintenance service paid in advance by the customers.

d) Decrease in accrued liabilities as at September 30, 2015 compared with March 31, 2015 was $126,177.

Loans from Related Parties

		September 30, 2015 (Unaudited) $	March 31, 2015 (Audited) $
Loans from the director and Chief Executive Officer of the Corporation	(a)	2,170,437	1,791,869
Loan from a director of a subsidiary	(b)	13,203	11,546
Loan from Inphosoft Pte Ltd.	(c)	560,943	490,555
TOTAL LOANS FROM RELATED PARTIES		2,744,583	2,293,970

All above loans from related parties are non-trade in nature and unsecured. All related parties have advised the Corporation that they will not demand payment of the loans before September 30, 2016.

(a) The loans are from the director and Chief Executive Officer of the Corporation, Mr. Joel Siang Hui Chin ("Mr. Chin"), and bear interest at 24% (March 31, 2015: 12% to 24%) per annum (compounded daily based on a 365-day year) and were matured on or before September 30, 2015.

(b) The loan from a director of a subsidiary, Mr. Xu Hongwei, bears interest at 24% (March 31, 2015: 12% to 24%) per annum (compounded daily based on a 365-day year) and were matured on June 12, 2014.

(c) The loan from Inphosoft Pte Ltd. ("IPL"), the former holding company of Inphosoft Group Pte Ltd., bear interest at 24% (March 31, 2015: 24%) per annum (compounded daily based on a 365-day year) and has no fixed term of repayment. On September 24, 2015, IPL converted its convertible debentures of the Corporation and became a shareholder of the Corporation (Section 10 – Shareholders' Equity & Disclosure of Outstanding Share Data). Mr. Chin and two directors of the Corporation's subsidiaries, Mr. Wang Xianxiang and Mr. Xu Hongwei, each has significant influence over IPL.

In addition to the above loans, Mr. Chin also provided an interest-free advance of $389,461 to the Corporation. Considering the loans from related parties and the interest-free advance from Mr. Chin together, the annual interest rate for the total amount of related party loans and advance is 22% (compounded daily based on a 365-day year).

The loans and advance are used to finance the operations of the Corporation.

Shareholders' equity

Shareholders' equity as at September 30, 2015, showed a deficit of $2,622,979, improving from a deficit of $10,063,775 as at March 31, 2015. The improvement in shareholders' equity is largely due to the full conversion of all issued and outstanding convertible debentures of the Corporation into common shares on September 24, 2015 despite the loss of $1,724,893 recorded in the six months ended September 30, 2015 and mainly explained by the Corporation facing considerable competition in its existing principal activities as mentioned in Section 2 of this MD&A.

To address the going concern issue, the Corporation has instituted the following plan:

(a) The Corporation launched the new A2P SMS business during the previous year ended March 31, 2015, as mentioned in Section 2 of this MD&A. The Corporation is also consolidating certain general and administrative functions and expects these efforts to generate cost savings. Based on these plans, management believes that the Corporation will have the ability to continue operation for the next twelve months; and

(b) Despite of the Corporation's liabilities which include a promissory note payable and the interest-bearing loans from the related parties, the liquidity risk is addressed and mitigated as mentioned in Section 5 of this MD&A.

4. SUMMARY OF QUARTERLY RESULTS

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

$	Q3/FY14	Q4/FY14	Q1/FY15	Q2/FY15	Q3/FY15	Q4/FY15	Q1/FY16	Q2/FY16
Revenue								
A2P Messaging Service	-	-	78,115	104,836	307,127	627,535	808,109	**1,066,242**
IOSMS Messaging Service	30,427	28,158	24,179	9,148	(11,105)	12,598	-	**-**
Software Products & Services	223,900	190,977	230,809	199,575	140,235	183,415	262,937	**264,551**
	254,327	219,135	333,103	313,559	436,257	823,548	1,071,046	**1,330,793**
Cost of Sales								
A2P Messaging Service	-	-	73,050	96,840	285,500	582,240	778,004	**996,867**
IOSMS Messaging Service	51,497	59,050	43,044	28,740	1,059	14,218	-	**-**
Software Products & Services(1)	131,704	(37,093)	162,943	174,291	123,545	276,208	215,724	**201,653**
	183,201	21,957	279,037	299,871	410,104	872,666	993,728	**1,168,520**
Operating Expenses(2)	843,900	1,108,904	775,008	840,206	788,320	955,612	769,762	**892,534**
Net Loss Before Income Taxes	(772,774)	(997,934)	(732,343)	(857,584)	(821,075)	(4,364,951)	(834,104)	**(887,967)**
Income Taxes expense (benefit)	(135)	(3,604)	82	217	63	(469)	2,572	**250**
Net Loss	(772,639)	(994,330)	(732,425)	(857,801)	(821,138)	(4,364,482)	(836,676)	**(888,217)**
Net Loss (per share)								
Basic	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.07)	(0.02)	**(0.02)**
Diluted	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.07)	(0.02)	**(0.02)**

(1) Included in cost of sales in Q4/FY15 is an impairment on suspended projects amounting to $144,945.

(2) Represent the sum of selling, general and administrative expenses, amortization, accretion on obligations related to the convertible debentures and a promissory note and unrealized foreign exchange gain/loss. For comparative purpose, the fair value adjustment of convertible debenture in Q1/FY14 and Q4/FY14 were excluded, the development cost impairments in Q4/FY14 and Q4/FY15 were excluded and the interest expenses from Q4/FY14 to Q2/FY16 were also excluded. Finally, the goodwill and intangible assets impairment and the writeback of deferred tax liabilities on intangible assets in Q4/FY15 were excluded.

The A2P SMS service generated revenue for the first time for the quarter ended June 30, 2014, increased in the quarters ended from September 30, 2014 to September 30, 2015 and is expected to continue to grow. IOSMS revenue ceased by end of March 31, 2015 due to the termination of the P2P SMS services by the Corporation. The Software Products and Services segment shows signs of improving but there is still no clear visibility on the trend moving forward.

5. LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30 (Unaudited)		Six months ended September 30 (Unaudited)	
	2015 $	2014 $	2015 $	2014 $
Cash, beginning of period	172,981	145,218	515,208	115,309
Net loss for the period	(888,217)	(857,801)	(1,724,893)	(1,590,226)
Future income tax expenses (recovery)	(8)	(82)	2,584	0
Exchange loss	109,684	493	142,553	16,090
Interest expense	157,706	31,066	299,366	42,468
Accretion on obligations	416,602	352,242	818,364	684,552
Amortization & depreciation	41,717	149,365	82,657	303,802
Changes in non-cash working capital	(236,147)	(56,167)	(382,585)	(58,448)
Cash flow from operations	(398,663)	(380,884)	(761,954)	(601,762)
Financing activity	567,069	368,980	621,592	668,514
Investing activity	(28,319)	(47,392)	(44,943)	(85,932)
Effect of exchange rate	(185,836)	1,772	(202,671)	(8,435)
Cash, end of period	127,232	87,694	127,232	87,694
Total Cash Provided (Used)	(45,749)	(57,524)	(387,976)	(27,615)

The capital resources of the Corporation are comprised mainly of the equity of the Corporation. The debts of the Corporation are comprised mainly of a promissory note payable and loans by the related parties.

GINSMS has a deteriorated liquidity position for the three and six months ended September 30, 2015 compared to three and six months ended September 30, 2014 primarily due to smaller unsecured interest-bearing loans provided by the related parties as the Corporation relied more on the revenue generated from the messaging and software product and service business in the period.

GINSMS is facing a lower liquidity risks as it has lower working capital deficiency of $516,294 since Xinhua Mobile Limited ("Xinhua Mobile") and IPL have now each converted the convertible debentures of the Corporation they held into common shares on September 24, 2015. The Corporation's liabilities now include a promissory note payable and the interest-bearing loans from the related parties.

The operation of the Corporation is partially financed by the interest-bearing loans and interest-free advance from the related parties amounting to $2,744,583 and $389,461 as at September 30, 2015 as compared to $2,293,970 and $NIL as at March 31, 2015 respectively. The terms and conditions of the loans are described below under Section 3 – *Loans from Related Parties*.

The promissory note has an initial present value of $366,523 with accretion recorded at an annual interest rate of 6%.

Apart from obligations to pay the promissory note payable and the loans made by related parties, the Corporation has also liabilities related to operating lease obligations for the lease of its office space.

The Corporation has lease agreements outstanding for various terms up to May 15, 2018. Payments are to be incurred in SGD, RMB and IDR. The Canadian dollar equivalent as of September 30, 2015 is a total of $179,000, of which $79,000 is to be incurred within one year of the statement of financial position date and $100,000 after one year and within five years.

However, the liquidity risk is mitigated as the Corporation is currently in discussion on extending the due date on the promissory note payable of $400,000 and the interest-bearing loans from the related parties. The Corporation has received confirmation from its related party lenders that they will not recall their loans in the next twelve months as mentioned under Section 3 – *Loans from Related Parties*. They have informed the Corporation that they will not recall the interest-bearing loans before March 31, 2016.

The Corporation is also currently in discussion with the note holder on extending the due date on the note payable, and the note payable holder has informed the Corporation that it will not call the note before March 31, 2016.

A2P messaging service is the main business focus of the Group. Revenue from A2P messaging service has increased steadily as the Corporation formed partnerships with service providers and direct connections with mobile operators globally. At the same time, the Corporation plan to make substantial investment in the areas of research and development. The expected capital expenditure for research and development is $50,000 per quarter. Capital expenditures related to hardware purchase to maintain capacity to meet planned growth in A2P messaging have been fully paid and no further investment is expected for the next 12 months. The expected capital expenditure will be funded through loans.

The management of the Corporation is committed to grow the business of the Corporation. In order for the Corporation to expand the A2P business, the management is also planning to launch fund raising through issuance of bonds or other sources.

6. OFF BALANCE SHEET ARRANGEMENTS

The Corporation does not utilize off-balance sheet arrangements.

7. TRANSACTIONS WITH RELATED PARTIES

The Corporation was a party to the following related party transactions that have been recorded at their exchange amounts for the three months ended September 30, 2015:

	Three-month period ended September 30,		Six-month period ended September 30,	
	2015	2014	2015	2014
Software products and services revenue from a company controlled by an officer[7]	$144,780	-	271,707	-
Accounting fee paid to an officer (appointed on September 4, 2015)[6]	5,579	-	5,579	-
Consulting fees paid to a former director (resigned on September 4, 2015)[1]	2,342	2,950	5,706	5,905
Management salaries paid to directors of a subsidiary[3]	61,568	57,198	122,388	114,423
Management salaries paid to an officer[4]	33,119	30,779	65,837	61,572
Rent charged by a company controlled by an officer	14,005	-	20,944	-
Rent charged by a family member of a former director (resigned on September 4, 2015)[2]	-	2,950	-	5,905
Interest charged on loan from an officer	124,199	8,552	235,016	10,769
Interest charged on loan from a director of a subsidiary	771	598	1,480	888
Interest charged on loan from a shareholder[5]	32,737	-	62,871	-
Interest charged on loan from a related party	-	21,915	-	30,808

Notes:

1. The consulting fees paid to a former director, Mr. Lai Man Kon Jonathan, were related to his role as Chairman of the Corporation.
2. The rent charged by a company controlled by a family member of a former director, Mr. Lai Man Kon Jonathan, was for the office used for the operation purpose of the Hong Kong subsidiaries of the Corporation, namely Global Edge Technology Limited and GIN International Limited up to January 31, 2015.
3. Management salaries paid to directors of a subsidiary, Mr. Wang XianXiang and Mr. Xu Hongwei were for their roles as Group Chief Technology Officer and Chief Technology Officer (Mobile Application) of the Corporation respectively.

4. Management salaries paid to an officer were for Mr. Chin's role as Chief Executive Officer of the Corporation.
5. Inphosoft Pte Ltd is a shareholder of the Corporation since September 24, 2015. Prior to that date, it is a related party (Section 3 – Loans from Related Parties and Section 10- Shareholders' Equity & Disclosure of Outstanding Share Data).
6. Accounting fee paid to the Interim Chief Financial Officer, Ms Shum Chee Ming, was for her role as finance manager preparing management reports of the Corporation.
7. Software products and services revenue earned from a company controlled by Mr Chin, Activate Interactive Pte Ltd for the professional services by the subsidiaries of the Corporation – Inphosoft Singapore Pte Ltd, Inphosoft Malaysia Sdn Bhd and PT Inphosoft Indonesia on a time and material basis.

As at September 30, 2015, the Corporation have non-trade loans from related parties of $2,744,583 and interest-free advance from a related party of $389,461 (March 31, 2015 - $2,293,970 and $NIL). Please refer to Section 3 – *Loans from Related Parties* above for more details of these loans and the advance. The loans and advances are used to finance the operations of the Corporation

Included in accounts payables and accrued liabilities are amounts of $61,208 (March 31, 2015 - $47,370) owed to related parties.

Included in accounts receivables and other (net) is an accounts receivable of $189,255 (March 31, 2015- $Nil) owed by a related party. Please refer to Section 3 – Accounts receivables from a related party above for more details.

The time and material agreements of ISPL, IMSB and PTIN with Activate were signed in April 2015. Activate utilizes resources from the Inphosoft subsidiaries on a time and material basis such that Activate can earn revenues from its customers. Activate generates revenue by providing software products and services, primarily in the area of mobile applications and games to its customers that include various agencies and ministeries of the government of Singapore. Activate regularly subcontracts parts of their projects to other companies with software development skillsets. Activate enters into the time and material agreements with the various subsidiaries of Inphosoft such that Activate can subcontract parts of its projects to Inphosoft subsidiaries and from time to time, utilize resources from the Inphosoft subsidiaries to perform certain pre-sales roles, on a time and material basis. The professional services provided by the Inphosoft subsidiaries are broad-based ranging from account management, pre-sales support, design and development of software programs, project management, testing, deployment and support and maintenance of software programs. The agreements were concluded in arm's length. The business relationship continued when Mr Chin acquired 85% shareholding of Activate in July 2015 and Activate became a related party.

The non-exclusive agreements with the subsidiaries were for a period of one year and were automatically renewed on a yearly basis unless terminated in accordance to the termination clause of the agreements or if a notice is given to the other party 30 days before the end of the term.

The subsidiaries as service providers will provide staff with appropriate abilities and skills to perform the services.

Activate will settle the billings of the service within 14 days of date of invoice. If the payment is late, 1% late interest charge will be charged.

The subsidiaries and Activate shall be bound by the terms and conditions of the Non-Disclosure agreement concluded between them.

The subsidiaries shall provide intellectual property indemnity to Activate and its customers in event of any suit or proceeding brought against Activate and its customers due to the violation of intellectual property rights by the Inphosoft subsidiaries. All rights, title and interest to any copyrights and other intellectual property rights produced by the subsidiaries solely in the course of services provided to Activate are the sole and exclusive properties of Activate, once paid for in full. Activate has the right to assign to its customers any and all such intellectual property rights, without limitation.

The subcontractor fee charged by ISPL is about 20% margin on staff costs. Gross margin of IMSB and PTIN from Activate is higher because the billings to Activate is in SGD and a higher margin is built in to cater for currency risk as revenue is charged in SGD. The margin is even higher now that SGD has strengthened against MYR and IDR in the current period. Gross margin of IMSB and PTIN are higher also because the cost of resources in Singapore is a lot more expensive than in Malaysia and Indonesia. During the arms length negotiation in April 2016, Activate was willing to pay IMSB and PTI the rates quoted as they are still a lot cheaper than paying for similar resources in Singapore.

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

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CHANGES) AND BASIS OF PRESENTATION AND ADOPTION OF IFRS

The significant accounting policies used in the preparation of the Corporation audited consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended March 31, 2015. There have been no changes to our accounting policies since March 31, 2015.

9. FINANCIAL INSTRUMENTS

Financial instruments of GINSMS consist of cash, account receivables, accounts payable, accrued liabilities, interest-free advance from a related party, interest-bearing loans of related parties and a promissory note payable. GINSMS limits exposure to credit loss by placing its cash with high credit quality financial institutions.

The carrying amounts of cash, accounts receivable and other accounts payable, accrued liabilities, interest-free advance from a related party, and interest-bearing loans of related parties approximate their values due to the short-term nature of these instruments. The functional currency of GET, a subsidiary of the Corporation is the HKD. In the case of Inphosoft, the functional currency is principally that of the SGD but also the IDR and the MYR. In accordance with Canadian GAAP, the consolidated financial statements of GINSMS, which are prepared using the functional currencies, have been translated into Canadian dollars. Assets and liabilities are translated at exchange rates applicable at the balance sheet dates; revenues and expenses are translated at the average exchange rates applicable during the period covered by the financial statements; and capital and statutory capital reserves are translated at historical exchange rates.

Conversion of Convertible Debentures of the Corporation into Common Shares

On September 24, 2015, Xinhua Mobile and IPL, the only holders of the Corporation's convertible debentures, converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and 28,537,830 common shares of the Corporation respectively (See below Section 10 – *Conversion of Convertible Debentures of the Corporation into Common Shares*).

10. SHAREHOLDERS' EQUITY & DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

	September 30, 2015	March 31, 2015
Share capital	**10,484,429**	1,339,386
Reserves	**-**	131,995
Equity Component of Convertible Debentures	**-**	35,776
Accumulated comprehensive income	**79,667**	23,363
Deficit	**(13,181,949)**	(11,590,406)
Non-controlling interest	**(5,126)**	(3,889)
	(2,622,979)	(10,063,775)

Shareholders' equity as at September 30, 2015 is a negative amount of $2,622,979 compared to a negative amount of $10,063,775 as at March 31, 2015. The improvement in shareholders' equity is due to a large extent to the conversion of all the Corporation's convertible debentures into common shares hence offsetting the net loss of $1,724,893 recorded in the six months ended September 30, 2015.

On September 24, 2015, Xinhua Mobile and IPL converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and

28,537,830 common shares of the Corporation respectively (See below Section 10 – *Conversion of Convertible Debentures of the Corporation into Common Shares*).

Authorized

The authorised share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares.

The holders of the common shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders and, upon dissolution, to share equally in such assets of the Corporation as are distributable to the holders of common shares.

The holders of the preferred shares are entitled to preference over the holders of common shares with respect to the payment of dividends, dissolution or winding-up or any other return of capital or distribution of assets for the purpose of winding up the Corporation's affairs. As at the date thereof, there are no preferred shares issued and outstanding.

The table below summarizes the issued and outstanding shares of the Corporation for the six months ended September 30, 2015 versus the twelve months ended March 31, 2015.

Issued	**September 30, 2015**		**March 31, 2015**	
	Shares	**Amount ($)**	**Shares**	**Amount ($)**
Balance, beginning of period	**51,537,499**	**1,339,386**	**51,537,499**	**1,339,386**
Common shares issued as a result of the conversion of convertible debentures	91,092,670	9,109,267	-	-
Transfer from equity component of convertible debentures	-	35,776	-	-
Balance, end of period	**142,630,169**	**10,484,429**	**51,537,499**	**1,339,386**

Information on the Corporation's capital, including the numbers of common shares issued and outstanding is contained in the Corporation's audited consolidated financial statements which are available at www.sedar.com.

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

During fiscal year 2010, 233,333 shares were issued to directors and officers for gross proceeds of $35,000.

In 2012, 200,000 were issued to the Sponsor of GINSMS as part of its compensation in connection with the acquisition of Inphosoft.

On April 5, 2013, the Corporation closed a private placement by issuing 8,000,000 common shares at a price of $0.05 per share for total gross proceeds of $400,000.

On September 24, 2015, Xinhua Mobile and IPL converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and 28,537,830 common shares of the Corporation respectively (See below Section 10 – *Conversion of Convertible Debentures of the Corporation into Common Shares*).

Stock-based compensation plan

On May 13, 2009, the Corporation adopted a stock option plan which provides that the Board of Directors of the Corporation may, from time to time, in its discretion and in accordance with the TSXV 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. The Board of Directors of the Corporation has discretion to determine vesting conditions affecting the stock options.

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.

On July 25, 2011, 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.

	Exercise Price	Number of options	Reserve Balance
Balance, March 31, 2012 and 2013			
Issued to directors and officers	$0.10	1,375,000	$429,431
Cancellation of options		(575,000)	-
Balance, March 31, 2014		800,000	$429,431
Adjustment of fair value of options		-	(297,436)
Balance, March 31, 2015		800,000	$131,995
Cancellation of options – Jonathan Lai		(500,000)	(82,497)

Cancellation of options – Non-executive directors	(300,000)	(49,498)
Balance, September 30, 2015	-	-

During the three months ended June 30, 2013, 500,000 stock options of a director and officer were cancelled in exchange for the payment of $5,000 which has been expensed and included with professional fees for the period ended. Another 75,000 stock options were cancelled due to the resignation of the director to whom those options had been granted.

On September 4, 2015, the Corporation announced that Mr. Jonathan Lai resigned as both interim Chief Financial Officer and Director of the Corporation. Mr. Jonathan Lai did not exercise his stock options at the date of the cessation of his roles as interim Chief Financial Officer and director of the Corporation. Consequently, all the 500,000 stock options of the Corporation granted to Mr. Jonathan Lai were cancelled. On September 15, 2015, the Corporation announced that it cancelled all the 300,000 stock options of the Corporation granted to its two non-executive directors.

As of September 30, 2015, there are no options outstanding.

Transfer of 20% shareholding of the Corporation to One Heart International Limited

On March 28, 2014, the then Corporation's Chairman of the Board of Directors, Mr. Jonathan Lai, through a company called Panaco Limited, and another company in which Mr. Lai held a five percent ownership interest, Royal Link Investment Limited ("Royal Link"), entered into a Share Purchase Agreement with One Heart International Limited ("One Heart") to sell 10,307,500 common shares of the Corporation representing 20% of all of the issued and outstanding common shares of the Corporation.

One Heart is controlled by Mr. Yih Hann Lian , the co-founder and a former Chairman and director of Inphosoft Group Pte Ltd., a wholly owned subsidiary of the Corporation. He is also the Chairman and Chief Executive Officer of Xinhua Holdings Limited. One Heart has paid an aggregate purchase price of $1,546,125 or $0.15 per Common Share in consideration for the sale of the Common Shares. The purchase price is payable by way of two promissory notes. Each note was due and became payable three months from its issuance and bore an interest of 18% per annum. The transfer of the Common Shares to One Heart was approved by both the TSXV and the Corporation's shareholders. The transaction closed on December 19, 2014.

Transfer of 54.57% shareholding of the Corporation to Xinhua Mobile Limited

On January 15, 2015, the Corporation was informed that Mr. Lai, Panaco and One Heart had entered into Share Purchase Agreements with Xinhua Mobile to sell an aggregate of 28,123,320 common shares of the Corporation representing 54.57% of all of the issued and outstanding common shares of the Corporation (collectively, the "Common Shares").

Xinhua Mobile is a 100% owned subsidiary of Xinhua Holdings Limited ("Xinhua Holdings"), together with its subsidiaries ("Xinhua Group"). Xinhua Group is a multi-disciplinary group headquartered in Hong Kong and doing businesses in China and the rest of Asia, including Japan. Xinhua Holdings' securities are listed on the Tokyo Stock Exchange's ("TSE") Second Section (9399).

Xinhua Mobile paid an aggregate purchase price of $6,235,537 or $0.35 per Common Share in consideration for the sale of 17,815,820 Common Share from Mr. Lai and Panaco. The purchase price was payable by way of two promissory notes and the transfer to Royal Link of all of the equity interest in a Peoples Republic of China subsidiary of the Xinhua Group. Each note was due and payable three months from its issuance and will bear an interest of 18% per annum compounded on a daily basis. In addition, Xinhua Mobile paid an aggregate purchase price of $1,546,125 or $0.15 per Common Share in consideration for the sale of 10,307,500 Common Share from One Heart. The purchase price was paid by way of a promissory note. The note was due and payable six months from its issuance and had an interest of 9% per annum compounded on a daily basis.

On January 15, 2015, One Heart granted an option ("Option") to Xinhua Mobile to purchase convertible debentures of the Corporation with a principal amount of $6,255,484 (collectively the "Convertible Debentures"). The exercise price of the Option is equal to the face value of the Convertible Debentures. Xinhua Mobile exercised the Option on May 1, 2015 and entered into a Convertible Debentures Purchase Agreement with One Heart to purchase the Convertible Debentures for a total consideration of $6,255,484. The purchase price was by way of a promissory note. The note was due and payable 6 months from its issuance and had an interest of 18% per annum compounded on a daily basis. On April 13, 2015, the transfer of the Common Shares and the Convertible Debentures to Xinhua Mobile was approved by the TSXV and by the shareholders of the Corporation. The transaction was completed on September 8, 2015.

Pursuant to the terms of the Agreements, the Corporation became a subsidiary of Xinhua Mobile on September 8, 2015. Consequently, Xinhua Holdings became the ultimate holding company of the Corporation.

<u>Conversion of Convertible Debentures of the Corporation into Common Shares</u>

On June 3, 2015, during the Corporation's Annual and Special Meeting of Shareholders, the shareholders of the Corporation adopted a resolution amending the terms of the Corporation's convertible debentures to remove the conversion restriction affecting such convertible debentures and preventing a holder thereof from converting the convertible debentures in certain specific situations. Consequently, holders of the Corporation's convertible debentures had a right to convert all of their convertible debentures into shares at any time before the convertible debentures expiry date.

On September 24, 2015, Xinhua Mobile and IPL converted their convertible debentures with an aggregate principal amount of $6,255,484 and $2,853,783 respectively into 62,554,840 and 28,537,830 common shares of the Corporation respectively. After the conversion, Xinhua Mobile, together with its current ownership of 28,123,320 common shares or 54.57% of all issued and outstanding common shares of the Corporation, now owns 90,678,160 common shares of the Corporation or 63.58% of all issued and outstanding common shares of the Corporation. IPL owns 28,537,830 common shares of the Corporation or 20.01% of all issued and outstanding common shares of the Corporation.

11. SUBSEQUENT EVENTS

On October 30, 2015, the Board of Directors of the Corporation accepted the resignation of GHP Horwath P.C. as auditors of the Corporation and the appointment of RSM Hong Kong, Chartered Accountants as the new auditors of the Corporation. GHP Horwath P.C. resigned at the Corporation's request. The decision to change auditors was not the result of any disagreement between the Corporation and GHP Horwath P.C. on any matter of accounting principles or practices, financial statements disclosures or auditing scope of procedures. The Corporation decided to change auditors so that its auditors and the auditors of its ultimate parent, Xinhua Holdings, would be the same.

The Corporation had given notice of the change of auditors to Ontario Securities Commission, British Columbia Securities Commission and Alberta Securities Commission on October 30, 2015.

11 OTHER MD&A REQUIREMENTS

Risks and Uncertainties

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

Dependence on Required Licenses

A2P messaging business in Hong Kong is a highly regulated business activity and requires licenses from the Hong Kong Telecommunications Authority ("**TA**"), without which GIN would be unable to operate. GIN is subject to the rules and regulations of the TA, which regulates the telecom industry in Hong Kong, and OFTA, which assists the TA in enforcing and administering the *Telecommunications Ordinance*. The TA's authority includes regulating and licensing telecom facilities and managing the radio frequency spectrum. If the TA determines that GIN has violated Hong Kong's telecom laws or regulations or the conditions of its licenses, the TA may suspend or cancel GIN's licenses or take other action detrimental to GIN. GIN is also subject to various other rules, laws and ordinances applicable to companies operating in Hong Kong, including, for example, laws relating to obscenity and privacy. If GIN is found to be in violation of these laws, it may face judgments or consequences detrimental to its business. In addition, the PNETS granted by OFTA to GIN are normally valid for one year, subject to renewal at the discretion of OFTA and compliance of all terms and conditions of the licenses. In the event that OFTA refuses to renew any of the existing licenses of GIN, GIN's ability to offer its services will be adversely affected. The Chief Executive in council of the OFTA may also cancel or suspend licenses if it considers that it is in the public's interest to do so. Moreover, if the TA changes its existing regulations or policies such as those governing interconnection or competition, including the requirement on GIN to obtain separate or further licenses for its existing operations or services, or to obtain licenses in respect of its future operations or services based on new communication technologies, the Company's results of operations, financial condition, business and prospects could be adversely affected. GIN may also incur extra costs in order to comply with technical specifications or other conditions resulting from any enacted or proposed changes in the applicable laws and regulations. As a result, the Company's financial condition, results of operations and/or prospects may be adversely affected. The business of the Company's customers is also subject to regulations. As a result, such regulations could indirectly affect the Company's business. As communications technologies and the telecom industry continue to evolve, the regulations governing the telecom industry may change. If this were to occur, the demand for the Company's services could change in ways that GIN cannot easily predict and may result in a decline in the Company's revenue.

Dependence on Major Customers

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

System Failures, Delays and Other Problems

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

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

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

- it may experience damage to its reputation, which may adversely affect its ability to attract or retain customers for its existing services, and may also make it more difficult for GIN to market its existing or future services;
- it may suffer significant damage or expose itself to customer liability claims, under its contracts or otherwise, including the requirement to pay penalties relating to service level requirements in its contracts;
- its operating expenses or capital expenditures may increase as a result of corrective actions that GIN must perform;
- GIN's customers may reduce their use of GIN's services; or
- one or more of its significant contracts may be terminated early, or may not be renewed.

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

Security and Privacy Breaches

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

Adequacy of Network Resilience, Network Diversity and Backup Systems

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

Loss of Significant Information

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

Failure to Develop, Enhance or Introduce New Value-Added Services ("VAS")

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

Competition

The market for communications services is extremely competitive and rapidly changing. The Company faces competition from other providers of connectivity and value-added services, some of which are larger and may be better funded than the Company. A number of the Company's current and potential competitors, such as Nexmo Inc. and Twilio Inc. may have greater name recognition and/or more extensive customer bases than GIN. Increasing competition could result in reduced revenue, reduced sales margins and loss of market share, any one of which could harm the business of the Company.

Dependence on Third-Party Software and Equipment

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

Market Acceptance at Desired Pricing Levels

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

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

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

Key Members of the Management Team

The loss of any key members of the management team may impair the Company's ability to identify and secure new contracts with customers or otherwise manage its business effectively. The Company's success depends, in part, on the continued contributions of its senior management. Most of them are well experienced in the telecom industry and have in depth knowledge of various aspects of the development of a telecom business.

Credit Risk of Accounts Receivable

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

Conflicts of Interest

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

Computer Viruses and Disruption to Operations

Despite Inphosoft's implementation of network security measures, its servers are vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering with its computer systems. Any such event could have a material adverse effect on its business, operating results, and financial condition. Similarly, events such as widespread blackouts could have similar negative impacts. To the extent that such disruptions or uncertainties result in delays or cancellations of customer orders, its business, operating results and financial condition could be materially and adversely affected.

Inability to Satisfy Customer Demand for Performance, Price or Terms

The market in which Inphosoft operates is highly competitive, and Inphosoft expects that the level of competition on pricing and product offering will continue to be intense. Additionally, certain emerging markets, such as countries in the Middle-East, Africa, South America and Southeast Asia, are particularly sensitive to pricing as a key differentiator. Where price is a primary decision driver, Inphosoft may not be able to effectively compete or it may chose not to compete due to unacceptable margins. If Inphosoft is not able or chooses not to compete against its current and future competitors, its current and potential customers may choose to purchase similar products offered by Inphosoft's competitors, which would negatively affect its revenues or profitability, or both. The markets for Inphosoft's products are subject to rapid technological changes, evolving industry standards and regulatory developments, and its operating results depend to a significant extent on its ability to adapt to these changes. Inphosoft competes principally on the basis of: (i) product performance and functionality; (ii) product quality and reliability; (iii) customer service and support; and (iv) price. Many of Inphosoft competitors have substantially broader product portfolios and financial and technological resources, product development, marketing, distribution and support capabilities, name recognition and established relationships with telecommunications service providers than it has, and other resources that Inphosoft does not have. Certain competitors of Inphosoft may price their products at unsustainably low levels in an effort to acquire market share or delay or avoid business failures. Inphosoft may not be able to compete effectively against existing or future competitors or to maintain or capture meaningful market share, and Inphosoft's business could be harmed if its competitors' products and services provide higher performance, offer additional features and functionality or are more reliable or less expensive than its products. Increased competition could force Inphosoft to lower its prices or take other actions to differentiate its products, which could adversely affect its business.

International Risks

GINSMS's international operations will be significant and it intends to continue to expand these international operations, particularly in Asia. Foreign operations face additional specific local risks, which may adversely affect GINSMS, including but not limited to, change in legal and regulatory requirements and less favourable intellectual property laws, change in local tax rates and other potentially adverse tax consequences (including the cost of repatriation of earnings), collectability of accounts in foreign jurisdictions, and burdens of complying with a wide variety of foreign laws, including changing import and export regulations.