GINSMS Inc.
Condensed Interim Consolidated Financial Report
Three and Six month periods ended September 30, 2014 and 2013
(Unaudited)

Unaudited Condensed Interim Consolidated Financial Statements

Responsibility for condensed interim consolidated financial statements

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

Auditor involvement

The auditor of GINSMS Inc. has not performed a review of the unaudited condensed interim consolidated financial statements for the three and six months periods ended September 30, 2014 and 2013.

GINSMS Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(In Canadian Dollars)

As at,		September 30, 2014		March 31, 2014
Assets				
Current				
Cash	$	**87,694**	$	115,309
Accounts receivable and other		**476,150**		384,481
Prepaid expenses		**74,901**		92,104
		638,745		591,894
Non-current				
Property and equipment *(Note 4)*		**90,242**		108,874
Developmental expenditures *(Note 6)*		**742,281**		758,678
Goodwill		**2,830,364**		2,830,364
Intangible assets - contracts *(Note 5)*		**-**		111,181
Intangible assets - software *(Note 5)*		**472,050**		550,725
	$	**4,773,682**	$	4,951,716
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**591,466**	$	562,031
Loans from related parties *(Note 12)*		**940,514**		225,981
Promissory note payable *(Note 7)*		**400,000**		400,000
		1,931,980		1,188,012
Non-current				
Deferred income tax liability		**127,594**		127,601
Convertible debentures *(Note 8)*		**7,542,229**		6,857,677
		9,601,803		8,173,290

Commitments *(Note 11)*

Subsequent events *(Note 15)*

Shareholders' Deficit				
Share capital *(Note 9)*		**1,339,386**		1,339,386
Reserves *(Note 10)*		**429,431**		429,431
Equity component of convertible debentures *(Note 8)*		**35,776**		35,776
Deficit		**(6,703,733)**		(5,114,619)
Accumulated other comprehensive income (loss)		**73,269**		89,628
Non-controlling interest		**(2,250)**		(1,176)
		(4,828,121)		(3,221,574)
	$	**4,773,682**	$	4,951,716

On behalf of the Board

[signed] **Director**

[signed] **Director**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

GINSMS Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited)

(In Canadian Dollars)

	For three month periods ended September 30, 2014	2013	For six month periods ended September 30, 2014	2013
Revenue	**$ 313,559**	$ 211,741	**$ 646,662**	$ 657,325
Cost of sales	**299,871**	216,168	**578,908**	376,612
	13,688	(4,427)	**67,754**	280,713
Expenses				
Salaries and wages (note 12)	**221,533**	326,910	**447,570**	514,360
Professional fees (note 12)	**102,064**	57,445	**143,274**	110,059
Consultancy fees (note 12)	**2,950**	2,187	**5,905**	33,582
General and administrative	**93,607**	24,070	**163,253**	153,530
Fair value adjustment on convertible debenture	**-**	-	**-**	(108,881)
Amortization	**98,383**	91,262	**197,037**	182,522
Foreign exchange (gain) loss	**493**	16,631	**16,090**	(3,131)
Finance expense (Note 7), (Note 8)	**352,242**	308,902	**684,552**	599,451
	871,272	827,407	**1,657,681**	1,481,492
Loss before income taxes	**(857,584)**	(831,834)	**(1,589,927)**	(1,200,779)
Income tax expense				
Current	**217**	295	**299**	4,460
Deferred	**-**	-	**-**	-
	217	295	**299**	4,460
Net loss for the period	**(857,801)**	(832,129)	**(1,590,226)**	(1,205,239)
Other comprehensive loss, net of tax				
Exchange differences arising during the year	**(25,561)**	(32,736)	**(16,359)**	26,511
Comprehensive loss	**$ (883,362)**	$ (864,865)	**$ (1,606,585)**	$ (1,178,728)
Net loss attributable to:				
Non controlling interest	**(606)**	-	**(1,112)**	-
Equity shareholder	**(857,195)**	(832,129)	**(1,589,114)**	(1,205,239)
	(857,801)	(832,129)	**(1,590,226)**	(1,205,239)
Total comprehensive loss attributable to:				
Non controlling interest	**(654)**	-	**(1,074)**	-
Equity shareholder	**(882,708)**	(864,865)	**(1,605,511)**	(1,178,728)
	(883,362)	(864,865)	**(1,606,585)**	(1,178,728)
Net loss per share				
Basic and diluted	**(0.02)**	(0.02)	**(0.03)**	(0.02)
Weighted average number of shares outstanding				
Basic and diluted	**51,427,910**	51,537,499	**51,427,910**	51,318,920

The accompanying notes are an integral part of these condensed interim consolidated financial statements

For the six months ended	*Share capital*	*Subscriptions received*	*Reserves*	*Equity component of convertible debentures*	*Deficit*	*Accumulated other comprehensive income (loss)*	*Non-controlling Interest*	*Total equity*
Balance at March 31, 2014	**$ 1,339,386**	**$ -**	**$ 429,431**	**$ 35,776**	**$ (5,114,619)**	**$ 89,628**	**$ (1,176)**	**$ (3,221,574)**
Net loss for the period	**-**	**-**	**-**	**-**	**(1,589,114)**	**-**	**(1,112)**	**(1,590,226)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(16,359)**	**38**	**(16,321)**
Balance at September 30, 2014	**$ 1,339,386**	**$ -**	**$ 429,431**	**$ 35,776**	**$ (6,703,733)**	**$ 73,269**	**$ (2,250)**	**$ (4,828,121)**

For the six months ended	*Share capital*	*Subscriptions received*	*Reserves*	*Equity component of convertible debentures*	*Deficit*	*Accumulated other comprehensive income (loss)*	*Non-controlling Interest*	*Total equity*
Balance at March 31, 2013	$ 939,386	$ 400,000 -	$ 429,431	$ 35,776	$ (2,143,459)	$ (31,691)	$ -	$ (370,557)
Net loss for the period	-	-	-	-	(1,205,239)	-	-	(1,205,239)
Issuance of shares in private placement	400,000	(400,000)	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	26,511	-	26,511
Balance at September 30, 2013	$ 1,339,386	$ -	$ 429,431	$ 35,776	$ (3,348,698)	$ (5,180)	$ -	$ (1,549,285)

GINSMS Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

	For three months ended September 30, 2014	For three months ended September 30, 2013	For six months ended September 30, 2014	For six months ended September 30, 2013
Operating activities				
Net loss for the period	**$ (857,801)**	$ (832,129)	**$ (1,590,226)**	$ (1,205,239)
Deferred income tax (recovery)	**54**	-	**(8)**	-
Foreign exchange (gain)	**493**	16,631	**16,090**	(3,131)
Interest Expense	**31,066**	-	**42,468**	-
Fair value adjustment of convertible debenture	**-**	-	**-**	(108,881)
Accretion on promissory note payable	**-**	5,745	**-**	11,243
Accretion on convertible debentures	**352,242**	303,157	**684,552**	588,208
Amortization property and equipment	**12,051**	5,435	**24,306**	10,890
Amortization intangible assets	**94,926**	90,000	**189,856**	180,000
Amortization development expenditures	**42,388**	111,305	**89,640**	123,275
	(324,581)	(299,856)	**(543,322)**	(403,635)
Accounts receivable and other	**(49,559)**	181,864	**(88,935)**	494,528
Prepaid expenses and deposit	**10,013**	74,359	**17,342**	96,765
Accounts payable and accrued liabilities	**352,359**	(94,252)	**681,659**	(200,339)
Net cash from (used in) operating activities	**(11,768)**	(137,885)	**66,744**	(12,681)
Financing activities				
Cash due on closing	**-**	-	**-**	(400,000)
Net cash from (used in) financing activities	**-**	-	**-**	(400,000)
Investing activities				
Property and equipment	**(2,715)**	(21,796)	**(7,955)**	(24,941)
Development costs	**(44,677)**	(40,034)	**(77,977)**	(95,386)
Net cash from (used in) investment activities	**(47,392)**	(61,830)	**(85,932)**	(120,327)
Effect of exchange rate changes on cash	**1,636**	(25,272)	**(8,427)**	12,604
Increase (decrease) in cash	**(57,524)**	(224,987)	**(27,615)**	(520,404)
Cash, beginning of the period	**145,218**	670,500	**115,309**	965,917
Cash, end of period	**$ 87,694**	$ 445,513	**$ 87,694**	$ 445,513
Supplemental cash flow information				
Income tax paid	**$ -**	$ -	**$ -**	$ -
Interest paid	**-**	-	**(299)**	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1. Description of business and continuing operations

GINSMS Inc. (the "Company") was incorporated in Alberta under the Canada Business Corporations Act on March 20, 2009. On June 9, 2009, the Corporation acquired 100% of the issued and outstanding common shares of Global Edge Technology Limited (Global) and continues operations through its subsidiary Global. The Corporation's head office is located at 14/F Hang Lung House, 184-192 Queen's Road Central, Hong Kong where its operations are conducted. The address of the Corporation's registered office is Suite 3000, 700 – 9th Avenue S.W., Calgary, Alberta, T2P 3V4. The Corporation's shares trade on the TSX Venture Exchange ("Exchange").

On September 28, 2012, the Corporation completed an arm's length share purchase agreement with Inphosoft Pte. Ltd. ("Inphosoft"), a private corporation governed by the laws of Singapore, to acquire all of the issued and outstanding shares of Inphosoft's wholly owned subsidiary, Inphosoft Group Pte. Ltd., which wholly owns the subsidiaries of Inphosoft Technology Sdn Bhd, Inphosoft Malaysia Sdn Bhd, PT Inphosoft Indonesia, and Inphosoft Singapore Pte Ltd. As of March 31, 2014, the 1% non controlling interest of PT Inphosoft Indonesia is held by Siang Hui (Joel) Chin, the Chief Executive Officer of the Company.

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

Inphosoft is a private Corporation limited by share which was incorporated on September 18, 2009 under the Singapore Companies Act (Cap. 50, Statues of the Republic of Singapore). Inphosoft's head office, which also services as its registered office is located at 750C Chai Chee Road, #04-02, Technopark@ChaiChee, Singapore 469003.

The principal activities of the Corporation are the provision of cloud-based application-to-peer messaging business ("A2P") and inter-operator short message services ("IOSMS") in Hong Kong, and the design and development of custom software (and related license fees, support and maintenance) primarily related to mobile data applications. Software and related revenues are primarily derived from customers in Singapore, Malaysia and Indonesia. On September 12, 2014, the Corporation discontinued its IOSMS services. The consolidated financial statements of the Corporation as at and for the six months ended September 30, 2014 and 2013 comprise the Corporation and its subsidiaries.

2. Basis of preparation

These unaudited interim condensed financial statements of the Corporation as at and for the six months ended September 30, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Specifically they have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The unaudited interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2014 which have been prepared in accordance with IFRS.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of November 19, 2014, the date the Board of Directors approved the statements.

Amounts are reported in Canadian dollars unless otherwise indicated.

3. Summary of significant accounting policies

The significant accounting policies used in the preparation of these unaudited condensed interim consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended March 31, 2014. There have been no changes to our accounting policies since March 31, 2014, except for the following: Amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's unaudited condensed interim consolidated financial statements. The Company has not early adopted these standards and is currently assessing the impact these standards will have on its unaudited condensed interim consolidated financial statements.

(a) IFRS 9 Financial Instruments: New standard that replaced IAS 39 for classification and measurement of financial assets. In November 2013, the IASB removed the mandatory effective date of IFRS 9, which was previously effective January 1, 2015;

(b) IFRS 15, Revenue from Contracts with Customers: New standard which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.

4. Property and equipment

September 30, 2014				
Cost		**Computer equipment and software**		**Total**
Balance, beginning of year	**$**	**154,149**	**$**	**154,149**
Exchange differences		**(2,177)**		**(2,177)**
Additions		**7,955**		**7,955**
Balance at September 30, 2014	**$**	**159,927**	**$**	**159,927**
September 30, 2014				
Accumulated depreciation		**Computer equipment and software**		**Total**
Balance, beginning of year	**$**	**45,275**	**$**	**45,275**
Exchange differences		**104**		**104**
Amortization for the period		**24,306**		**24,306**
Balance September 30, 2014		**69,685**		**69,685**
Net book value at September 30, 2014	**$**	**90,242**	**$**	**90,242**

4. Property and equipment *(Continued from previous page)*

March 31, 2014				
Cost		Computer equipment and software		Total
Balance, beginning of year	$	581,040	$	581,040
Exchange differences		33,695		33,695
Additions		104,748		104,748
Disposals		(565,334)		(565,334)
Balance at March 31, 2014	$	154,149	$	154,149

March 31, 2014				
Accumulated depreciation		Computer equipment and software		Total
Balance, beginning of year	$	548,154	$	548,154
Exchange differences		28,650		28,650
Amortization for the year		33,169		33,169
Disposals		(564,698)		(564,698)
Balance March 31, 2014		45,275		45,275
Net book value at March 31, 2014	$	108,874	$	108,874

5. Intangible assets

September 30, 2014						
Cost		**Contracts**		**Software**		**Total**
Balance, beginning of year	**$**	**444,717**	**$**	**786,750**	**$**	**1,231,467**
Additions		**-**		**-**		**-**
Balance at September 30, 2014	**$**	**444,717**		**786,750**	**$**	**1,231,467**

September 30, 2014						
Accumulated depreciation		**Contracts**		**Software**		**Total**
Balance, beginning of year	**$**	**333,536**	**$**	**236,025**	**$**	**569,561**
Amortization for the year		**111,181**		**78,675**		**189,856**
Balance September 30, 2014		**444,717**		**314,700**		**759,417**
Net book value at September 30, 2014	**$**	**-**	**$**	**472,050**	**$**	**472,050**

5. Intangible assets *(Continued from previous page)*

March 31, 2014						
Cost		Contracts		Software		Total
Balance, beginning of year	$	444,717	$	786,750	$	1,231,467
Additions		-		-		-
Balance at March 31, 2014	$	444,717		786,750	$	1,231,467

March 31, 2014						
Accumulated depreciation		Contracts		Software		Total
Balance, beginning of year	$	100,000	$	80,000	$	180,000
Amortization for the year		233,536		156,025		389,561
Balance March 31, 2014		333,536		236,025		569,561
Net book value at March 31, 2014	$	111,181	$	550,725	$	661,906

The remaining amortization periods of software is about 3 years as at September 30, 2014.

6. Development expenditures

		Cost		Accumulated Depreciation		Total
Balance at April 1, 2013	**$**	**662,313**	**$**	**(22,972)**	**$**	**639,341**
Additions		**168,054**		**-**		**168,054**
Amortization		**-**		**(91,627)**		**(91,627)**
Disposal		**(13,885)**		**6**		**(13,879)**
Translation difference		**72,586**		**(15,797)**		**56,789**
Balance at March 31, 2014	**$**	**889,068**	**$**	**(130,390)**	**$**	**758,678**
Additions		**77,977**		**-**		**77,977**
Amortization		**-**		**(89,640)**		**(89,640)**
Translation difference		**(4,050)**		**(684)**		**(4,734)**
Balance at September 30, 2014	**$**	**962,995**	**$**	**(220,714)**	**$**	**742,281**

7. Promissory note payable

		Total
Balance at April 1, 2013	$	**377,519**
Accretion for the year		**22,481**
Balance at March 31, 2014	$	**400,000**
Accretion for the period		**-**
Balance at September 30, 2014	$	**400,000**

The Corporation as part of the transaction issued a $400,000 non-interest bearing promissory note payable due on the first year anniversary date of the closing date. The note had an initial present value of $366,523 with accretion recorded at an annual interest rate of 6%. The Corporation is currently in discussion on extending the due date on the note payable.

8. Convertible debentures

Balance at April 1, 2013	$	**5,595,139**
Fair value adjustment		**(36,835)**
Accretion for the year		**1,299,373**
Balance at March 31, 2014		**6,857,677**
Accretion for the period		**684,552**
Balance at September 30, 2014	$	**7,542,229**

The face value of the convertible debentures issued as part of the transaction on September 28, 2012 is $10.5m. The convertible debentures are outstanding for a period of three years from date of closing and are non-interest bearing, convertible at any time into common shares at $0.10 per share. The value assigned to the conversion option for the convertible debentures is $35,776.

On August 8, 2013, the Corporation announced that the profit for the fifteen-month period then ended was $380,792 leading to a release of $609,267 in convertible debentures from escrow. This adjustment to the contingent consideration, as a result of an event that occurred subsequent to the acquisition date, resulted in a fair value decrease to the debentures of $36,835 based on a third-party appraisal of the debentures. This has been recorded in net loss for year ended March 31, 2014 with no adjustment to the purchase price equation on acquisition, with the total value on maturity of $9,109,267, down $1,390,733 from the previous value of $10.5m.

Accretion has been recorded at the implied interest rate of 19.44% (March 31, 2013 - 20.84%).

9. Share Capital

Authorized:

Unlimited common shares

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

Issued:	Shares	September 30, 2014 Amount	Shares	March 31, 2014 Amount
Balance, beginning of period	**51,537,499 $**	**1,339,386**	43,537,499 $	939,386
Issued on private placement	**-**	**-**	8,000,000	400,000
Balance, end of period	**51,537,499 $**	**1,339,386**	51,537,499 $	1,339,386

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.

For the period ended September 30, 2014 and March 31, 2014, all outstanding options to purchase common shares that were outstanding during the respective periods were not included in the calculations of the weighted average number of shares outstanding as they were anti-dilutive.

10. Reserves

The Corporation has adopted a stock-option plan which provides that the Board of Directors of the Corporation may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Corporation and its subsidiaries, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Corporation, for a period of up to ten years from the date of the grant. It is at the discretion of the Board of Directors of the Corporation to determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least twelve months with no more than 1/4 of the options vesting in any three month period. The number of common shares reserved for issuance to any individual director or officer of the Corporation will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants, if any, will not exceed 2% of the issued and outstanding common shares.

If an optionee ceases to be a director, officer, or technical consultant of the Corporation for any reason other than death, the optionee may exercise options at the date of the cessation of the optionee’s position or arrangement with the Corporation, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

10. Reserves *(Continued from previous page)*

		Exercise Price	Number of options		Fair value recorded
Balance, April 1, 2013			**1,375,000**	**$**	**429,431**
Cancellation of options during fiscal year 2014	**$**	**0.10**	**575,000**		
Balance, March 31 2014 & September 30 2014			**800,000**		**429,431**

During the year ended March 31, 2014, 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 as professional fees for the period then ended. The 75,000 shares were cancelled due to the resignation of another director.

As of September 30, 2014, the weighted average remaining contractual life for the 800,000 options outstanding to directors and officers is 6.75 years (March 31, 2014 – 7.3 years) with all options being fully exercisable.

11. Commitments

The Corporation has lease agreements outstanding for various terms up to September 9, 2015. Payments are to be incurred in SD, RMB and Indonesian Rupiah ("IDR"), the CDN equivalent as of September 30, 2014 is a total of CDN $83,139 of which all CDN $ 83,139 is to be incurred within one year of the statement of financial position date.

12. Related party transactions

The Corporation had the following related party transactions for the six months ended September 30, 2014 and 2013:

	Three month period ended September 30		*Six month period ended September 30*	
	2014	*2013*	***2014***	*2013*
Consulting fees paid to a company controlled by a director or a shareholder	**$ -**	$ -	**$ -**	$ 33,000
Consulting fees paid to directors	**2,950**	2,814	**5,905**	5,582
Management salaries paid to directors of a subsidiary	**57,198**	54,832	**114,423**	107,692
Management salaries paid to an officer	**30,779**	45,552	**61,572**	90,843
Rent charged by a family member of a director	**2,950**	2,814	**5,905**	5,582
Interest charged on loan from an officer	**8,552**	-	**10,769**	-
Interest charged on loan from a director of a subsidiary	**598**	-	**888**	-
Interest charge on loan from a related party	**21,915**	-	**30,808**	-

Loans from related parties of $940,514 (March 31, 2014 - $225,981) are interest-bearing, unsecured and are repayable on demand. The loans bear interest rate of 12% per annum (compounded daily based on a 365-day year) for first three months, after which such loans bear an interest rate of 24% per annum (compounded daily based on a 365-day year).

Included in accounts payable and accrued liabilities is an amount of $31,402 (March 31, 2014 - $25,052) owed to related parties.

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

13. Financial risk management

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

a) Market risk

Cash flow and fair value interest rate risk.

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

The Corporation's interest rate risk would arise from borrowings, issued at variable rates and expose the Corporation to cash flow interest rate risk. Borrowings issued at a fixed rate expose the Corporation to fair value interest rate risk. The Corporation is not exposed to such risk.

b) Credit risk

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

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

The following table summarizes the accounts receivable overdue:

	Total	Due in 30 days	30 to 90 days overdue	Over 90 days overdue
September 30, 2014	$ 476,150	$ 382,022	$ 89,117	$ 5,011
March 31, 2014	384,481	349,999	13,525	20,957

Of significant individual accounts receivable as at September 30, 2014 approximately 91% was owed from four customers (March 31, 2014 – 92% was owed from four customers).

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

c) Liquidity risk

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

Accounts payable and accrued liabilities arise in the normal course of business, and all amounts are due within three months or less of the statement of financial position date except for $139,716 as of September 30, 2014 (March 31, 2014 - $47,065) which are due between three and twelve months of the statement of financial position date. Income taxes payable are due within twelve months of the statement of financial position date.

The Corporation has working capital deficiency of $1,293,233 as at September 30, 2014. The liquidity risk is mitigated as the Corporation is currently in discussions on extending the due date on the promissory note payable ($400,000) and the interest-bearing loans financed by the related parties (which totals $971,916 and are classified in accounts payable and accrued liabilities). The related parties have advised the Corporation that they will not recall the loans within the next twelve months from March 31, 2014.

13. Financial risk management *(Continued from previous page)*

d) **Fair values**

At September 30, 2014 and March 31, 2014, the fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values given the expected short-term to maturity of these instruments.

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

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. At September 30, 2014 and March 31, 2014, the Corporation's cash has been assessed at level 1 based on the fair value hierarchy above.

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

	September 30, 2014			March 31, 2014		
	Carrying value		**Fair Value**	Carrying value		Fair Value
	FVTPL	**L&R**	**Total**	FVTPL	L&R	Total
Financial assets						
Cash	**$ 87,694**	**$ -**	**$ 87,694**	$ 115,309	$ -	$ 115,309
Accounts receivable and other	**-**	**476,150**	**476,150**	-	384,481	384,481
	$ 87,694	**$ 476,150**	**$ 563,844**	$ 115,309	$ 384,481	$ 499,790

	September 30, 2014			March 31, 2014		
	Carrying value		**Fair Value**	Carrying value		Fair Value
	FVTPL	**Other liabilities**	**Total**	FVTPL	Other liabilities	Total
Financial liabilities						
Accounts payable and accrued liabilities	**$ -**	**$ 1,531,980**	**$ 1,531,980**	**$ -**	$ 788,012	$ 788,012
Promissory note payable	**-**	**400,000**	**400,000**	**-**	400,000	400,000
Convertible debentures	**-**	**7,542,229**	**7,542,229**	**-**	6,857,677	6,857,677
	$ -	**$ 9,474,209**	**$ 9,474,209**	$ -	$ 8,045,689	$ 8,045,689

e) **Capital management**

Capital is comprised of shareholders equity (deficit) on the statement of financial position. The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders. The Corporation's sources of additional capital and policies for distribution of excess capital may also be affected by the Corporation's capital management objectives.

13. Financial risk management *(Continued from previous page)*

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

f) ***Currency risk***

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

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

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

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

				September 30, 2014
	Canadian Dollars	**Singapore Dollars**	**Hong Kong Dollars**	**CAD Equivalent**
Cash	**$ 1,763**	**$ 74,360**	**$ 142,699**	**$ 87,694**
Accounts receivable and other	**8,920**	**560,101**	**346,318**	**551,056**
Accounts payable and accrued liabilities	**(142,588)**	**(871,807)**	**(4,319,720)**	**(1,531,980)**

				March 31, 2014
	Canadian Dollars	Singapore Dollars	Hong Kong Dollars	CAD Equivalent
Cash	$ 5,427	$ 32,854	$ 568,602	$ 115,309
Accounts receivable and other	16,560	479,420	273,339	476,585
Accounts payable and accrued liabilities	(108,167)	(447,803)	(2,010,806)	(788,012)

14. Segmented information

The Corporation's reportable segments are (1) a business holding an investment in Canada; (2) provision of cloud-based application-to-peer messaging business ("A2P") and inter-operator short message services ("IOSMS") in Hong Kong; (3) mobile data solutions.

On September 12, 2014, the Corporation discontinued its IOSMS services.

The revenues are primarily generated in Hong Kong, United States, and Singapore dollars. Six major customers have contributed to sales revenue for the three and six months ended September 30, 2014 and 2013 as indicated in the following table:

	Three month period ended September 30		*Six month period ended September 30*	
	2014	2013	**2014**	2013
Customer A	**$ 198,937**	$ 339,762	**$ 360,960**	$ 423,559
Next five top customers				
Customer B	**30,471**	-	**43,358**	-
Customer C	**29,412**	-	**63,843**	-
Customer D	**15,087**	-	**47,341**	-
Customer E	**12,663**	11,861	**18,913**	23,922
Customer F	**4,862**	-	**16,565**	-
All other customers	**41,670**	93,961	**95,682**	209,844
Revenues	**$ 333,102**	$ 445,585	**$ 646,662**	$ 657,325

14. Segmented information *(Continued from previous page)*

Six month period ended September 30, 2014	**Investment**	**SMS**	**Mobile**	**Total**
Revenues	**-**	**216,278**	**430,384**	**646,662**
Amortization of property and equipment	**60**	**939**	**112,947**	**113,946**
Provision for income taxes	**-**	**-**	**299**	**299**
Net (loss)	**$ (950,531)**	**$ (131,934)**	**$ (507,761)**	**$ (1,590,226)**
Segment assets, total	**$ 3,313,265**	**$ 181,292**	**$ 1,279,125**	**$ 4,773,682**
Segment liabilities, total	**$ (8,211,076)**	**$ (514,366)**	**$ (876,361)**	**$ (9,601,803)**
Total expenditures for property and equipment	**$ -**	**$ -**	**$ 85,932**	**$ 85,932**

Six month period ended September 30, 2013	Investment	SMS	Mobile	Total
Revenues	-	70,775	586,550	657,325
Amortization of property and equipment	-	-	(314,165)	(314,165)
Provision for income taxes	-	-	(4,460)	(4,460)
Net (loss)	$ (96,278)	$ (148,702)	$ (1,069,140)	$ (1,314,120)
Segment assets, total	$ 19,822	$ 65,903	$ 5,317,992	$ 5,403,717
Total expenditures for property and equipment	$ -	$ -	$ 24,941	$ 24,941

15. Subsequent events

a) Transfer of shareholding of the Corporation

On March 31, 2014 , The Corporation was informed that its Chairman of the Board of Directors, Mr. Jonathan Lai, through a company called Panaco Limited, and another company in which Mr. Lai holds a five percent ownership interest, Royal Link Investment Limited, have 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 (collectively the “Common Shares”).

One Heart is controlled by Mr. Yih Hann Lian, the co-founder and a former Chairman and director of Inphosoft Group Pte. Ltd. (“IGPL”) now a wholly-owned subsidiary of the Corporation. One Heart will pay 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 will be payable by way of two promissory notes. Each note will be due and payable three months from its issuance and will bear an interest of 18% per annum.

15. Subsequent events *(continued from previous page)*

b) Change of Holder of Convertible Debenture of the Corporation

In addition, the Corporation was also informed that Inphosoft Pte. Ltd ("IPL")., the holder of all of the Corporation convertible debentures for a principal amount of $9,109,267 issued on September 28, 2012 in connection with the acquisition by the Corporation of IGPL, has entered into an Escrow Purchase Agreement for the sale of convertible debentures with a principal amount of $6,255,484 (the "Convertible Debentures") to One Heart for an aggregate consideration of $6,255,484. The purchase price for the Convertible Debentures will be payable by way of a promissory note with terms and conditions identical to the promissory notes issued in payment of the Common Shares. Each Convertible Debenture is unsecured, mature on September 28, 2015 and may be converted into common shares of the Corporation at any time prior to their maturity at a price of $0.10 per common share, subject to certain restrictions. The sale of the Convertible Debentures is conditional upon continued satisfaction of the escrow provision currently affecting the Convertible Debentures under Policy 5.4 – Escrow Vendor Consideration and Resale Restrictions of the TSX Venture Exchange. However, One Heart has the right to direct IPL to sell part or whole of the Convertible Debentures that have been released from escrow and are freely transferable to parties designated by One Heart.

TSXV has approved both the transfer of the shares and the transfer of the convertible debentures on May 21, 2014 and the parties are preparing to complete the transactions
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16. Comparative Financial Statements

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