GINSMS Inc.

Condensed Interim Consolidated Financial Report

Three and six month periods ended September 30, 2015 and 2014

(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 month periods ended September 30, 2015 and 2014.

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GINSMS Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(In Canadian Dollars) As at,	***(Unaudited)*** ***September 30,*** ***2015***	*(Audited)* *March 31,* *2015*
Assets		
Current		
Cash	**$127,232**	$515,208
Accounts receivable and other, net (Note 10)	**1,163,905**	781,552
Prepaid expenses	**171,778**	109,062
	$1,462,915	1,405,822
Non-current		
Property and equipment *(Note 6)*	**59,522**	70,809
Developmental expenditures *(Note 7)*	**581,633**	606,044
Goodwill *(Note 4)*	**-**	-
Intangible assets - contracts *(Note 5)*	**-**	-
Intangible assets - software *(Note 5)*	**-**	-
	$2,104,070	$2,082,675
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 11)*	**$1,169,338**	$1,160,432
Advance from a related party*(Note 12 and 16)*	**389,461**	-
Provision for taxation	**410**	-
Convertible debentures *(Note 9)*	**-**	8,290,903
Promissory note payable *(Note 8)*	**400,000**	400,000
	1,979,209	9,851,335
Non-current		
Deferred income tax liability	**3,257**	1,145
Loans from related parties *(Note 12 and 16)*	**2,744,583**	2,293,970
	$4,727,049	$12,146,450
Shareholders' Equity (Deficiency)		
Share capital *(Note 13)*	**$10,484,429**	$1,339,386
Reserves *(Note 14)*	**-**	131,995
Equity component of convertible debentures *(Note 9)*	**-**	35,776
Deficit	**(13,181,949)**	(11,590,406)
Accumulated other comprehensive income	**79,667**	23,363
Total equity (deficiency) attributable to equity shareholders of the Corporation	**(2,617,853)**	(10,059,886)
Non-controlling interest	**(5,126)**	(3,889)
Total equity (deficiency)	**(2,622,979)**	(10,063,775)
Total equity (deficiency) and liabilities	**$2,104,070**	$2,082,675

Description of business, continuing operations *(Note 1)*
Commitments *(Note 15)*
Subsequent events *(Note 19)*

On behalf of the Board

Director	**Director**
/s/ "Joel Siang Hui Chin"	*/s/ "Kuen Kuen Lau"*

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

(In Canadian Dollars)

	For three month periods ended September 30, 2015	For three month periods ended September 30, 2014	For six month periods ended September 30, 2015	For six month periods ended September 30, 2014
Revenue	**$ 1,330,793**	$ 313,559	**$ 2,401,839**	$ 646,662
Cost of sales	**1,168,520**	299,871	**2,162,248**	578,908
	162,273	13,688	**239,591**	67,754
Expenses				
Salaries and wages (note 16)	**165,138**	221,533	**330,725**	447,570
Professional fees	**113,103**	105,014	**192,490**	149,179
General and administrative	**84,717**	62,541	**171,577**	120,785
Depreciation and amortization (note 5, 6 and 7)	**3,290**	98,383	**6,587**	197,037
Foreign currency exchange loss	**109,684**	493	**142,553**	16,090
Interest expense	**157,706**	31,066	**299,366**	42,468
Finance expense (Note 8 and 9)	**416,602**	352,242	**818,364**	684,552
	1,050,240	871,272	**1,961,662**	1,657,681
Loss before income taxes	**(887,967)**	(857,584)	**(1,722,071)**	(1,589,927)
Income tax expense (benefit)				
Current	**258**	299	**238**	299
Deferred	**(8)**	(82)	**2,584**	-
	250	217	**2,822**	299
Net loss for the period	**(888,217)**	(857,801)	**(1,724,893)**	(1,590,226)
Other comprehensive income (loss), net of tax				
Foreign exchange differences arising from translation of foreign currency financial statements during the period	**14,409**	(7,157)	**56,304**	(16,359)
Comprehensive loss	**$ (873,808)**	$ (864,958)	**$ (1,668,589)**	$ (1,606,585)
Net loss attributable to:				
Non controlling interest	**(703)**	(606)	**(1,355)**	(1,112)
Equity shareholders	**(887,514)**	(857,195)	**(1,723,538)**	(1,589,114)
	(888,217)	(857,801)	**(1,724,893)**	(1,590,226)
Total comprehensive loss attributable to:				
Non controlling interest	**(640)**	(654)	**(1,174)**	(1,074)
Equity shareholders	**(873,168)**	(864,304)	**(1,667,415)**	(1,605,511)
	(873,808)	(864,958)	**(1,668,589)**	(1,606,585)
Net loss per share				
Basic and diluted	**(0.02)**	(0.02)	**(0.03)**	(0.03)
Weighted average number of shares outstanding				
Basic and diluted	**58,468,463**	51,537,499	**55,021,918**	51,537,499

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

GINSMS Inc.
Condensed Interim Consolidated Statement of Changes in Equity
For the three and six month periods ended September 30, 2015 and 2014

(Unaudited)

(In Canadian Dollars)

For the six months ended	*Share capital*	*Reserves*	*Equity component of convertible debentures*	*Deficit*	*Accumulated other comprehensive income (loss)*	*Non-controlling interest*	*Total deficit*
Balance March 31, 2015	**$1,339,386**	**$131,995**	**$35,776**	**$(11,590,406)**	**$23,363**	**$(3,889)**	**$(10,063,775)**
Converted from convertible debenture into common shares	**9,109,267**	**-**	**-**	**-**	**-**	**-**	**9,109,267**
Transfer	**35,776**	**-**	**(35,776)**	**-**	**-**	**-**	**-**
Cancellation of options	**-**	**(131,995)**	**-**	**131,995**	**-**	**-**	**-**
Net loss for the period	**-**	**-**	**-**	**(1,723,538)**	**-**	**(1,355)**	**(1,724,893)**
Other comprehensive income	**-**	**-**	**-**	**-**	**56,304**	**118**	**56,422**
Balance September 30, 2015	**$10,484,429**	**$-**	**$-**	**$(13,181,949)**	**$79,667**	**$(5,126)**	**$(2,622,979)**

For the six months ended	*Share capital*	*Reserves*	*Equity component of convertible debentures*	*Deficit*	*Accumulated other comprehensive income (loss)*	*Non-controlling interest*	*Total deficit*
Balance 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 (loss)	**-**	**-**	**-**	**-**	**(16,359)**	**38**	**(16,321)**
Balance September 30, 2014	**$1,339,386**	**$429,431**	**$35,776**	**$(6,703,733)**	**$73,269**	**$(2,250)**	**$(4,828,121)**

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

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

(In Canadian Dollars)

	For three months ended September 30, 2015	For three months ended September 30, 2014	For six months ended September 30, 2015	For six months ended September 30, 2014
Operating activities				
Net loss for the period	**$ (888,217)**	$ (857,801)	**$ (1,724,893)**	$ (1,590,226)
Deferred income (benefit) expense	**(8)**	(82)	**2,584**	-
Foreign currency exchange loss	**109,684**	493	**142,553**	16,090
Interest expense	**157,706**	31,066	**299,366**	42,468
Accretion on convertible debentures	**416,602**	352,242	**818,364**	684,552
Depreciation of property and equipment	**12,615**	12,051	**24,781**	24,306
Amortization of intangible assets	**-**	94,926	**-**	189,856
Amortization of development expenditures	**29,102**	42,388	**57,876**	89,640
	(162,516)	(324,717)	**(379,369)**	(543,314)
Accounts receivable and other	**(167,609)**	(49,559)	**(389,713)**	(88,935)
Prepaid expenses and deposit	**(92,161)**	10,013	**(66,095)**	17,342
Accounts payable and accrued liabilities	**23,623**	(16,621)	**73,223**	13,145
Net cash used in operating activities	**(398,663)**	(380,884)	**(761,954)**	(601,762)
Financing activities				
Loans from related parties	**177,608**	368,980	**232,131**	668,514
Advance from a related party	**492,455**		**492,455**	
Repayment of advance from a related party	**(102,994)**		**(102,994)**	
Net cash from financing activities	**567,069**	368,980	**621,592**	668,514
Investing activities				
Property and equipment	**(6,948)**	(2,715)	**(14,167)**	(7,955)
Development expenditures	**(21,371)**	(44,677)	**(30,776)**	(77,977)
Net cash used in investment activities	**(28,319)**	(47,392)	**(44,943)**	(85,932)
Effect of exchange rate changes on cash	**(185,836)**	1,772	**(202,671)**	(8,435)
Decrease in cash	**(45,749)**	(57,524)	**(387,976)**	(27,615)
Cash, beginning of the period	**172,981**	145,218	**515,208**	115,309
Cash, end of period	**$ 127,232**	$ 87,694	**$ 127,232**	$ 87,694
Supplemental cash flow information				
Income tax paid	**-**	-	**-**	-
Interest paid	**-**	-	**-**	(299)

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

1. Description of business, continuing operations and going concern

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

On September 28, 2012, the Corporation completed an arm's length share purchase agreement with Inphosoft Pte. Ltd. ("IPL"), a private corporation governed by the laws of Singapore, to acquire all of the issued and outstanding shares of IPL's wholly owned subsidiary, Inphosoft Group Pte. Ltd. ("Inphosoft"), which wholly owns the subsidiaries of Inphosoft Technology Sdn Bhd, Inphosoft Malaysia Sdn Bhd, Inphosoft Singapore Pte Ltd., and 99% owns PT Inphosoft Indonesia. As of September 30, 2015, the 1% non-controlling interest of PT Inphosoft Indonesia is held by Siang Hui (Joel) Chin, the Chief Executive Officer of the Corporation.

On September 8, 2015, Xinhua Holdings Limited ("Xinhua Holdings") through Xinhua Mobile Limited ("Xinhua Mobile"), a 100% owned subsidiary of Xinhua Holdings, completed arm's length purchase agreements with the major shareholders of the Corporation to purchase 54.57% of the issued and outstanding shares of the Corporation, and convertible debentures with a principal amount of $6,255,484 of the Corporation. On September 24, 2015, Xinhua Mobile and IPL converted all convertible debentures into common shares of the Corporation. After the conversion, Xinhua Mobile and IPL own 63.58% and 20.01% of the issued and outstanding shares of the Corporation, respectively. The Corporation is now a subsidiary of Xinhua Mobile, and consequently Xinhua Holdings Limited is ultimate holding company of the Corporation (Note 13 b & c). Xinhua Holdings is a multi-disciplinary group headquartered in Hong Kong and doing business in China and other Asian countries, including Japan. Xinhua Holdings is listed on Tokyo Stock Exchange's ("TSE") Second Section (Stock Code: 9399).

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 Suite 2103, Infinitus Plaza, 199 Des Voeux 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 serves as its registered office is located at 10 Eunos Road 8 #13-08 Singapore Post Centre Singapore 408600.

The principal activities of the Corporation are the provision of cloud-based application-to-peer messaging business ("A2P messaging") and the design and development of custom software (and related license fees, support and maintenance) primarily related to mobile data applications ("Software products and services"). With effect from September 12, 2014, the Corporation began a transition into A2P messaging and discontinued the inter-operator short message services ("IOSMS messaging"). Through the provision of A2P messaging service, the Corporation enables the mobile application developers, short message service ("Messaging") gateway, enterprises and financial institution to deliver messaging worldwide without any upfront capital investment through the use of the Corporation's rich application programming interface. Software products and services revenues are primarily derived from customers in Singapore, Malaysia and Indonesia. The condensed interim consolidated financial statements of the Corporation as at and for the three and six months ended September 30, 2015 and 2014 comprise the Corporation and its subsidiaries.

2. Basis of preparation

These unaudited interim condensed financial statements of the Corporation as at and for the three and six months ended September 30, 2015 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, 2015 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 11, 2015, the date the Board of Directors approved the statements.

Amounts are reported in Canadian dollars unless otherwise indicated

(In Canadian Dollars)

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, 2015. There have been no changes to our accounting policies since March 31, 2015, 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

New standards and interpretations not yet adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates that are either not applicable or are not expected to have a significant impact on the Company's financial statements. The Company has not early adopted these standards and is currently assessing the impact these standards may have on its financial statements

(a) IFRS 9 Financial Instruments: amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primary unchanged from IAS 39, other than the fair value measurement option which now addresses an entity's own credit risk. Additional amendments are expected with respect to de-recognition of financial instruments, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(b) IFRS 15 – Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, 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. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is effective for annual periods beginning on or after January 1, 2017 with earlier adoption permitted.

Reclassifications

Prior period condensed interim consolidated financial statement amounts have been reclassified to conform to current period presentation.

(In Canadian Dollars)

4. Goodwill

Cost

Balance, beginning of April 1, 2014	$	2,830,364
Impairment loss recognized		2,830,364
Balance at March 31, 2015 and September 30, 2015	$	-

Impairment testing

The Corporation performs its annual goodwill impairment testing in the fourth quarter of each year in accordance with its policy as described in note 3 (i). As mentioned in note 3(a), the goodwill represents the excess of the consideration on acquisition of Inphosoft Group. The consideration, or purchase price, was computed based on forecasted revenue and profit before income tax of Inphosoft Group for the years from 2013 to 2016. However, revenue and profit before income tax of Inphosoft Group for March 31, 2014 and 2015 have not met the forecast. In the recent 2015 forecast of the Corporation prepared by management, Inphosoft Group is now expected to continue to incur net losses through the year ending 2019. Inphosoft Group is forecasted to continue to be in net cash deficit through 2020 which is expected to require funding by GIN and loans from related parties. The intangible assets (Note 5) are part of the acquired assets of Inphosoft Group by the Corporation and are also subjected to impairment testing. The recoverable amount of the goodwill and intangible assets were determined to be below its carrying value at March 31, 2015, and accordingly, the goodwill and intangible assets were considered fully impaired during the year ended March 31, 2015.

5. Intangible assets

Cost		Contracts		Software		Total
Balance at April 1, 2014	$	444,717	$	786,750	$	1,231,467
Additions		-		-		-
Impairment (Note 4)		(444,717)		(786,750)		(1,231,467)
Balance at March 31, 2015 and September 30, 2015	*$*	-		-		-

Accumulated amortization		Contracts		Software		Total
Balance at April 1, 2014	$	333,536	$	236,025	$	569,561
Amortization for the year/period		111,181		157,350		268,531
Impairment (Note 4)		(444,717)		(393,375)		(838,092)
Balance March 31, 2015 and September 30, 2015	$	-		-		-
Net book value at September 30, 2015	$	-	$	-	$	-
Net book value at March 31, 2015	$	-	$	-	$	-

(In Canadian Dollars)

6. Property and equipment

September 30, 2015 **Cost**		**Computer equipment and software**
Balance, beginning of period	**$**	**173,106**
Exchange differences		**(1,956)**
Additions		**14,167**
Disposal		**(9,838)**
Balance at September 30, 2015		**175,479**

Accumulated depreciation		**Computer equipment and software**
Balance, beginning of period	**$**	**102,297**
Exchange differences		**(1,283)**
Depreciation for the period		**24,781**
Disposal		**(9,838)**
Balance September 30, 2015		**115,957**
Net book value at September 30, 2015	**$**	**59,522**

March 31, 2015 Cost		Computer equipment and software
Balance, beginning of year	$	154,149
Exchange differences		9,897
Additions		9,060
Balance at March 31, 2015	$	173,106

Accumulated depreciation		Computer equipment and software
Balance, beginning of year	$	45,275
Exchange differences		8,244
Depreciation for the year		48,778
Balance March 31, 2015		102,297
Net book value at March 31, 2015	$	70,809

(In Canadian Dollars)

7. Development expenditures

		Cost	Accumulated Depreciation	Total
Balance, March 31, 2014		889,068	(130,390)	758,678
Additions		154,130	-	154,130
Amortization		-	(172,104)	(172,104)
Impairment		(258,680)	94,224	(164,456)
Translation difference		45,131	(15,335)	29,796
Balance at March 31, 2015	**$**	**829,649**	**$(223,605)**	**$606,044**
Additions		**30,776**	**-**	**30,776**
Amortization		**-**	**(57,876)**	**(57,876)**
Translation difference		**7,299**	**(4,610)**	**2,689**
Balance at September 30, 2015	**$**	**867,724**	**$(286,091)**	**$581,633**

Research costs recognized as expense for the six months ended September 30, 2015 and 2014 are $11,575 and $69,900 respectively.

8. Promissory note payable

		Total
Balance, March 31, 2014	**$**	**400,000**
Accretion for the year		**-**
Balance at March 31, 2015	**$**	**400,000**
Accretion for the period		**-**
Balance at September 30, 2015	**$**	**400,000**

For part of the acquisition of Inphosoft Group on September 28, 2012 (Note 3(a)), the Corporation 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 discussions with the note holder on extending the due date on the note payable, and the note holder has advised the Corporation that it will not call the note before March 31, 2016.

(In Canadian Dollars)

9. Convertible debentures

		Total
Balance, March 31, 2014	**$**	**6,857,677**
Accretion for the year		**1,433,226**
Balance at March 31, 2015	**$**	**8,290,903**
Accretion for the period		**818,364**
Converted fully into common shares		(9,109,267)
Balance at September 30, 2015	**$**	**-**

The adjusted face value of the convertible debentures issued as part of the transaction on September 28, 2012 is $9,109,267. The convertible debentures have a due date three years from date of closing (September 28, 2015) 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.

Accretion has been recorded at the implied interest rate of 19.44%.

On March 31, 2014, IPL, the holder of convertible debentures for a principal amount of $9,109,267 entered into an Escrow Purchase Agreement for the sale of convertible debentures with a principal amount of $6,255,484 (the "Convertible Debenture s") to One Heart International Limited ("One Heart") (Note 13a) for aggregate consideration of $6,255,484. The transfer of the Convertible Debentures was approved by TSX Venture Exchange ("TSXV") and was completed on December 22, 2014.

On January 15, 2015, One Heart granted an option to Xinhua Mobile to purchase the Convertible Debentures ("Option"). 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 total consideration of $6,255,484. The purchase price will be payable by way of a promissory note. The note will be due and payable 6 months from its issuance and will bear an interest of 18% per annum compounded on a daily basis. The transaction was completed on September 8, 2015.

On September 24, 2015, Xinhua Mobile and IPL, converted all 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 (Note 13).

10. Accounts receivable and other (net)

	September 30, 2015	March 31, 2015
Accounts receivable (third parties)	**870,234**	684,293
Billed and unbilled receivable (a related party)	**189,255**	-
Amounts due from customers on contracts	**104,416**	97,259
Total	**1,163,905**	781,552

Billed and unbilled receivable from a related party is due from a company that is 85% owned by the Chief Executive Officer of the Corporation (Note 16).

(In Canadian Dollars)

11. Accounts payable and accrued liabilities

	September 30, 2015	March 31, 2015
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	**1,189,338**	1,160,432

Accrued liabilities consist mainly of accrued rental, professional fees and general administration expenses incurred by the employees.

12. Loans from related parties and advance from a related party

	September 30, 2015	March 31, 2015
Loan from an officer	**2,170,437**	1,791,869
Loan from a director of a subsidiary	**13,203**	11,546
Loan from a related party	**560,943**	490,555
Total	**2,744,583**	2,293,970
Advance from a related party	**389,461**	-

The non-trade loans from related parties amounting to $2,744,583 (March 31, 2015: $2,293,970) are unsecured and bear interest at rates of 12% to 24% per annum (compounded daily based on a 365-day year) (Note 16).

At September 30, 2015, the loan of $560,943 (March 31, 2015: $490,555) is from IPL, the former holding company of Inphosoft Group Pte Ltd. On September 24, 2015, IPL converted its convertible debentures of the Corporation and becomes a shareholder of the Corporation (Note 13).

The Chief Executive Officer of the Corporation and IPL have advised the Corporation that they will not demand payment of the loans before September 30, 2016. Loan from a director of a subsidiary is repayable on demand.

The advance of $389,461 from the Chief Executive Officer of the Corporation is unsecured, interest-free and repayable on demand.

(In Canadian Dollars)

13. Share Capital

Authorized:

Unlimited common shares

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

Issued:	Common Shares	September 30, 2015 Amount	Common Shares	March 31, 2015
Balance, beginning of year/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 year/period	**142,630,169**	**10,484,429**	51,537,499	1,339,386

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

On September 8, 2015, Xinhua Mobile completed its previously announced acquisition of 17,815,820 common shares from Mr. Jonathan Lai and Panaco Limited for an aggregate purchase price of $6,235,537 or $0.35 per common share. On the same date, Xinhua Mobile also completed its previously announced acquisition of 10,307,500 common shares from One Heart International Limited for an aggregate purchase price of $1,546,125 or $0.15 per common share.

Following the two transactions, the Corporation became a subsidiary of Xinhua Mobile. Consequently, Xinhua Holdings became ultimate holding company of the Corporation.

b) Conversion of Convertible Debentures of the Corporation into Common Shares

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 (Note 9). 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.

14. 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.

(In Canadian Dollars)

14. Reserves *(Continued from previous page)*

Options granted to Consultants performing investor relations activities 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 option holder ceases to be a director, officer, or technical consultant of the Corporation for any reason other than death, the option holder 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.

	Exercise Number of options price		Reserve Balance
Balance, March 31, 2014	**800,000**	**$**	**429,431**
Fair value adjustment 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	**-**		**-**

For the six month ended September 30, 2015 and year ended March 31, 2015, 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.

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 300,000 stock options of the Corporation granted to its two non-executive directors.

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

15. Commitments

The Corporation has lease agreements outstanding for various terms up to May 15, 2018. Payments are to be incurred in SGD, RMB and Indonesian Rupiah ("IDR"), the CAD equivalent as of September 30, 2015 is a total of CAD179,000, of which CAD79,000 is to be incurred within one year of the statement of financial position date and CAD100,000 after one year and within five years.

(In Canadian Dollars)

16. Related party transactions

The Corporation had the following related party transactions for the three and six months ended September 30, 2015 and 2014:

	For three months ended September 30,		For six months ended September 30,	
	2015	*2014*	**2015**	*2014*
Revenue from a company controlled by an officer	**$ 144,780**	$ -	**$ 271,707**	$ -
Accounting fees charged by an officer (appointed on September 4, 2015)	**5,579**	-	**5,579**	-
Consulting fees paid to a former director (resigned on September 4, 2015)	**2,342**	2,950	**5,706**	5,905
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)	**-**	2,950	**-**	5,905
Management salaries paid to directors of a subsidiary	**61,568**	57,198	**122,388**	114,423
Management salaries paid to an officer	**33,119**	30,779	**65,837**	61,572
Interest charged on loans 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	**32,737**	-	**62,871**	-
Interest charged on loan from a related party	**-**	21,915	**-**	30,808

The non-trade loans from the related parties amounting to $2,744,583 (March 31, 2015 - $2,293,970) and advance from a related party amounting to $389,461 is disclosed in Note 12.

Included in accounts payables and accrued liabilities is an amount of $61,208 (March 31, 2015: $47,370) owed to related parties.

Included in accounts receivables and other (net) is a receivable of $189,255 (March 31, 2015: $Nil) owed by a related party (Note 10).

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

	For three months ended September 30,		For six months ended September 30,	
	2015	*2014*	**2015**	*2014*
Salaries and wages				
Key management personnel (other than directors)				
- salaries and related costs	**$ 87,554**	$ 81,711	**$ 174,045**	$ 163,461
-contributions to defined contribution plans	**7,133**	6,267	**14,179**	12,534
Other than directors and key management personnel				
-salaries and related costs	**180,410**	205,529	**369,350**	407,987
-contributions to defined contribution plans	**23,620**	24,710	**48,697**	48,563
-staff welfare	**9,122**	9,286	**17,590**	17,116
	307,839	327,503	**623,861**	649,661

(In Canadian Dollars)

17. 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 as September 30, 2015 and March 31, 2015.

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 during the six months ended September 30, 2015 and year ended March 31, 2015.

The following table summarizes the accounts receivable overdue:

	Total	Up to 3 months	3 to 6 months	Over 6 months
September 30, 2015	$ 437,439	$ 370,658	$ 9,154	$ 57,627
March 31, 2015	480,204	$ 432,145	$ 38,536	$ 9,523

As at September 30, 2015, approximately 86% of significant individual accounts receivable was owed from four customers (March 31, 2015 – 95% was owed from four customers).

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

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

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 $18,437 as of September 30, 2015 (March 31, 2015 - $17,249) which are due between three and twelve months of the consolidated statement of financial position as September 30, 2015.

The Corporation has working capital deficiency of $516,294 as at September 30, 2015 (March 31, 2015 - $8,445,513). The liquidity risk is mitigated as the Corporation is currently in discussions on extending the due date on the promissory note payable of $400,000 and the interest-bearing loans financed by the related parties of $2,744,583 (March 31, 2015 -$2,293,970). These related parties have confirmed to the Corporation that they will not call the loans in the next twelve months from the year ended September 30, 2015.

d) Fair values

At September 30, 2015 and March 31, 2015, 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, 2015 and March 31, 2015, 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.

(In Canadian Dollars)

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

	September 30, 2015			March 31, 2015		
	Carrying value		**Fair Value**	Carrying value		Fair Value
	FVTPL*	**L&R***	**Total**	FVTPL	L&R	Total
Financial assets						
Cash	**$ 127,232**	**$ -**	**$ 127,232**	$ 515,208	$ -	$ 515,208
Accounts receivables and other, net	**-**	**1,163,905**	**1,163,905**	-	781,552	781,552
	$ 127,232	**$ 1,163,905**	**$ 1,291,137**	$ 515,208	$ 781,552	$ 1,296,760

	September 30, 2015			March 31, 2015		
	Carrying value		**Fair Value**	Carrying value		Fair Value
	FVTPL	**Other liabilities**	**Total**	FVTPL	Other liabilities	Total
Financial liabilities Accounts payable and accrued liabilities	**$ -**	**$ 1,189,338**	**$ 1,292,332**	$ -	$ 1,160,432	$ 1,160,432
Loans from related parties	**-**	**2,744,583**	**2,744,583**	-	2,293,970	2,293,970
Advance from a related party	**-**	**389,461**	**389,461**	-	-	-
Promissory note payable	**-**	**400,000**	**400,000**	-	400,000	400,000
Convertible debentures	**-**	**-**	**-**	-	8,290,903	8,290,903
	$ -	**$ 4,723,382**	**$ 4,723,382**	$ -	$ 12,145,305	$ 12,145,305

* FVTPL: Fair Value through Profit or Loss
L&R: Loans and Receivables

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.

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. There have been no changes in the Corporation's capital management policies for the three and six month periods ended September 30, 2015.

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

(In Canadian Dollars)

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

(In Canadian Dollars)

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

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

September 30, 2015

	Canadian Dollars	Singapore Dollars	Hong Kong Dollars	CAD Equivalent
Cash	**$ 241**	**$ 38,241**	**$ 533,643**	**$ 127,232**
Accounts receivable and other	**19,645**	**599,596**	**4,414,905**	**1,335,683**
Accounts payable and accrued liabilities	**(84,142)**	**(428,349)**	**(4,120,091)**	**(1189,338)**
Advance from a related party	**-**	**-**	**(2,280,000)**	**(389,461)**
Loan from related parties	**-**	**(1,304,180)**	**(8,912,439)**	**(2,744,583)**

March 31, 2015

	Canadian Dollars	Singapore Dollars	Hong Kong Dollars	CAD Equivalent
Cash	$ 346	$ 52,094	$ 2,852,768	$ 515,208
Accounts receivable and other	5,028	352,273	3,422,868	890,615
Accounts payable and accrued liabilities	(152,561)	(427,325)	(3,743,292)	(1,160,432)
Loan from related parties	-	(1,083,140)	(7,902,339)	(2,293,970)

(In Canadian Dollars)

18. Segmented information

a) Revenue by customers

The Corporation's reportable segments are (1) a business holding an investment in Canada; (2) messaging; (3) software products and 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 month periods ended September 30, 2015 and 2014 as indicated in the following table.

	3 months to September 30, 2015		3 months to September 30, 2014	
	$	**% of total revenue**	$	% of total revenue
Customer A	**423,720**	**31.8**	-	-
Customer B	**379,188**	**28.5**	-	-
Customer C	**185,206**	**13.9**	-	-
Customer D	**144,780**	**10.9**	-	-
Customer E	**93,166**	**7.0**	162,023	51.7
Customer F	**23,684**	**1.8**	-	-
All other customers	**81,049**	**6.1**	151,536	48.3
	1,330,793	**100.0**	313,559	100.0

	6 months to September 30, 2015		6 months to September 30, 2014	
	$	**% of total revenue**	$	% of total revenue
Customer A	**959,864**	**40.0**	-	-
Next five top customers				
Customer B	**449,744**	**18.7**	-	-
Customer C	**342,202**	**14.2**	-	-
Customer D	**271,707**	**11.3**	-	-
Customer E	**191,962**	**8.0**	360,960	55.8
Customer F	**36,534**	**1.5**	-	-
All other customers	**149,826**	**6.3**	285,702	44.2
	2,401,839	**100.0**	646,662	100.0

(In Canadian Dollars)

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

b) Revenue by geographical locations

	3 months to September 30, 2015		3 months to September 30, 2014	
	$	**% of total revenue**	$	% of total revenue
Asia	**1,085,242**	**81.6**	90,069	28.7
Europe	**32,275**	**2.4**	206,687	65.9
North America	**192,291**	**14.4**	655	0.2
Other regions	**20,985**	**1.6**	16,148	5.2
	1,330,793	**100.0**	313,559	100.0

	6 months to September 30, 2015		6 months to September 30, 2014	
	$	**% of total revenue**	$	% of total revenue
Asia	**1,951,499**	**81.3**	229,298	35.5
Europe	**63,631**	**2.6**	400,384	61.9
North America	**349,288**	**14.5**	655	0.1
Other regions	**37,421**	**1.6**	16,325	2.5
	2,401,839	**100.0**	646,662	100.0

c) Total assets by geographical locations

	September 30, 2015		**March 31, 2015**	
	$	**% of total assets**	**$**	**% of total assets**
Canada	**19,935**	**0.9**	5,482	0.3
Hong Kong / China	**845,384**	**40.2**	1,322,085	63.5
Singapore	**920,501**	**43.7**	561,245	26.9
Malaysia	**84,192**	**4.0**	36,831	1.8
Indonesia	**234,058**	**11.2**	157,032	7.5
	2,104,070	**100.0**	2,082,675	100.0

(In Canadian Dollars)

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

d) Financial information by business segments

Six month period ended September 30, 2015	Investment	Messaging	Software products and services	Total
Revenue	**-**	**1,874,351**	**527,488**	**2,401,839**
Depreciation of property and equipment and amortisation of development expenditures	**59**	**294**	**82,304**	**82,657**
Provision for income tax	**-**	**-**	**2,822**	**2,822**
Net (loss)	**(957,392)**	**(69,947)**	**(697,554)**	**(1,724,893)**
Segment assets, total	**19,935**	**845,384**	**1,238,751**	**2,104,070**
Segment liabilities, total	**(484,145)**	**(2,616,817)**	**(1,626,087)**	**(4,727,049)**
Total expenditures for property and equipment and development expenditures	**-**	**-**	**44,943**	**44,943**

Six month period ended September 30, 2014	Investment	Messaging	Software products and services	Total
Revenue	-	216,278	430,384	646,662
Depreciation of property and equipment and amortisation of development expenditures	60	939	112,947	113,946
Provision for income tax	-	-	217	217
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 and development expenditures	-	-	85,932	85,932

(In Canadian Dollars)

19. 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 fault or 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.