Company Registration No. 201810924K

Affle International Pte. Ltd.

Annual Financial Statements
For the financial year ended 31 March 2020

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working world

Affle International Pte. Ltd.

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The directors are pleased to present their statement to the member together with the audited financial statements of Affle International Pte. Ltd. (the "Company") for the financial year ended 31 March 2020.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as the ultimate holding company have undertaken to provide continuing financial support to the Company to meet its obligations and liabilities as and when they fall due.

Directors

The directors of the Company in office at the date of this report are:

Anuj Khanna Sohum @ Anuj Khanna
Vivek Narayan Gour
Leong Mei Theng

Arrangements to enable directors to acquire shares or debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company's holding company as stated below:

	Direct interest		**Deemed interest**	
	At the beginning of financial year	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ultimate Holding company **Affle Holdings Pte Ltd**				
Ordinary shares				
Anuj Khanna Sohum @ Anuj Khanna	1,878,274	2,670,301	10,593,306	–
Vivek Narayan Gour	28,253	24,897	–	–

Directors' interests in shares or debentures (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Share options

No options were issued by the Company during the financial year. As at 31 March 2020, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Anuj Khanna Sohum @ Anuj Khanna
Director

Leong Mei Theng
Director

Singapore
29 May 2020

Independent auditor's report to the member of Affle International Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Affle International Pte. Ltd. (the "Company") which comprise the balance sheet of the Company as at 31 March 2020 and the statement of comprehensive income, statement of changes in equity and the cash flow statement of the Company for the financial year ended 31 March 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for other information. The other information comprises the directors' statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

29 May 2020

Affle International Pte. Ltd.

Statement of comprehensive income
For the financial year ended 31 March 2020

	Note	2020 US$'000	2019 US$'000
Revenue	4	16,359	14,225
Other income	5	461	45
Expenses			
Amortisation and depreciation	9, 10, 17	1,035	613
Allowance for expected credit losses	14	–	302
Business development and marketing expenses		259	616
Professional fees		179	111
Project development and service fees		116	113
Inventory and data cost		10,117	7,559
Rental expenses relating to short-term leases		31	–
Rental expenses		–	47
Salaries and employee benefits	6	1,622	836
Travelling expenses		72	46
Finance cost		95	26
Other expenses	7	146	66
		13,672	10,335
Profit before tax		3,148	3,935
Income tax expense	8	441	386
Profit after tax, representing total comprehensive income for the year		2,707	3,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Affle International Pte. Ltd.

Balance sheet
As at 31 March 2020

	Note	2020 US$'000	2019 US$'000
Non-current assets			
Plant and equipment	9	16	3
Intangible assets	10	11,576	4,863
Right-of-use assets	17	39	–
Investment in subsidiaries	12	4,715	1
		16,346	4,867
Current assets			
Trade and other receivables	13	7,326	4,316
Accrued revenue	5	403	497
Prepayment		79	5
Cash and cash equivalents	14	917	2,654
		8,725	7,472
Total assets		25,071	12,339
Current liabilities			
Trade and other payables	15	4,154	5,104
Loans and borrowings	16	3,700	300
Lease liabilities	17	26	–
Provision for tax		441	386
		8,321	5,790
Net current assets		404	1,682
Non-current liabilities			
Trade and other payables	15	1,286	–
Loans and borrowings	16	3,200	1,000
Lease liabilities	17	8	–
		4,494	1,000
Total liabilities		12,815	6,790
Net assets		12,256	5,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Affle International Pte. Ltd.

Balance sheet
As at 31 March 2020

	Note	2020 US$'000	2019 US$'000
Equity			
Share capital	18	6,000	2,000
Retained earnings		6,256	3,549
Total equity		12,256	5,549
Total equity and liabilities		25,071	12,339

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Affle International Pte. Ltd.

Statement of changes in equity
For the financial year ended 31 March 2020

	Share capital (Note 18) US$'000	**Retained earnings** US$'000	**Total equity** US$'000
As at 31 March 2019 and 1 April 2019	2,000	3,549	5,549
Profit for the year, representing total comprehensive income for the financial year	–	2,707	2,707
<u>Contributions by owners</u>			
Issuance of new ordinary shares on March 2020	4,000	–	4,000
As at 31 March 2020	6,000	6,256	12,256
As at 1 April 2018 (date of incorporation)	–	–	–
Profit for the year, representing total comprehensive income for the financial year	–	3,549	3,549
<u>Contributions by owners</u>			
Issuance of ordinary shares on April 2018	1,500	–	1,500
Issuance of new ordinary shares on March 2019	500	–	500
As at 31 March 2019	2,000	3,549	5,549

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Affle International Pte. Ltd.

Cash flow statement
For the financial year ended 31 March 2020

	Note	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Profit before tax		3,148	3,935
Adjustments for:			
Interest income	5	(15)	(2)
Extinguishment of non contingent liability on business acquisition	5	(100)	–
Depreciation of plant and equipment	9	5	1
Amortisation of intangible assets	10	998	612
Depreciation of right-of-use assets	17	32	–
Allowance for expected credit losses	13	–	302
Finance cost		95	26
Interest expense on lease liabilities	16	1	–
Unrealised exchange loss		(19)	(9)
Operating cash flows before changes in working capital		4,145	4,865
Decrease/(increase) in accrued revenue		94	(497)
Decrease/(increase) in trade and other receivables		944	(4,118)
Decrease in deposits		5	–
Increase in prepayments		(75)	(5)
(Decrease)/increase in trade and other payables		(1,199)	3,854
Cash flows from operations		3,914	4,099
Interest received		15	2
Interest expense paid		(96)	(26)
Income tax paid		(386)	–
Net cash flows generated from operating activities		3,447	4,075
Cash flows from investing activities			
Purchases of plant and equipment	9	(19)	(4)
Proceeds from disposal of plant and equipment		1	–
Additions to intangible assets	10	(2,661)	(569)
Net cash outflows on acquisition of business segments	11	(4,950)	(1,750)
Proceeds from issuance of ordinary shares		–	1,500
Net cash outflows on transfer of business	19	–	(1,907)
Net cash outflows on acquisition of subsidiaries	12, 21	(3,130)	–
Net cash flows used in investing activities		(10,759)	(2,730)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(32)	–
Proceeds from term loan	16	9,700	1,500
Repayment of term loan	16	(4,100)	(200)
Net cash flows generated from financing activities		5,568	1,300
Net (decrease)/increase in cash and cash equivalents		(1,744)	2,645
Cash and cash equivalents at the beginning of year		2,654	–
Effect of exchange rate changes on cash and cash equivalents		7	9
Cash and cash equivalents at end of year	14	917	2,654

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Affle International Pte. Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is located at 100 Pasir Panjang Road, #06-07, Singapore 118518.

The Company is a wholly-owned subsidiary of Affle India Limited, incorporated in India. The ultimate holding company is Affle Holdings Pte. Ltd., incorporated in Singapore. Related companies in these financial statements refer to subsidiaries of Affle Holdings Pte. Ltd.

The principal activity of the Company is rendering service through Mobile Audience As a Service ("MAAS") platform ("the Platform"). The Platform uses cloud-based audience algorithms to build, promote and monetise mobile assets for our customers. There have been no significant changes in the nature of these activities during the financial period.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US$") except when otherwise indicated. The Company's functional currency is USD.

2.2 Adoption of new and changes in accounting policies

The Company applied FRS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have any impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019, the first day of its financial year ended 31 March 2020. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of new and changes in accounting policies (cont'd)

FRS 116 *Leases* (cont'd)

The effect of adoption FRS 116 as at 1 April 2019 is as follows:

	US$'000
Right-of-use assets	64
Lease liabilities	64

The Company has lease contracts for its registered office space. Before adoption of FRS 116, the Company classified the leases (as lessee) at the inception date as an operating lease. Refer to Note 2.16 for the accounting policy prior to 1 April 2019.

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.16 for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- Applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

- Right-of -use assets of US$64,000 were recognised.
- Lease liabilities of US$64,000 (included in interest bearing loans and borrowings) were recognised.
- The initial adoption of FRS 116 did not have a material impact on the opening balance of the equity of the Company.

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of new and changes in accounting policies (cont'd)

FRS 116 *Leases* (cont'd)

Leases previously accounted for as operating leases (cont'd)

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows

	US$'000
Operating lease commitments as at 31 March 2019	130
Less: Commitments entered into on behalf of intercompany	(65)
	65
Average incremental borrowing rate as at 1 April 2019	1.92%
Discounted operating lease commitments as at 1 April 2019, representing lease liabilities	64

2.3 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 103 *Definition of a Business*	1 January 2020
Amendments to FRS 1 and FRS 8 *Definition of Material*	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currency

The financial statements are presented in United States Dollars, which is also the Company's functional currency. The Company determines its own functional currency and items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss.

2.5 Plant and equipment

Property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	-	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

2. Summary of significant accounting policies (cont'd)

2.6 Intangible assets (cont'd)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

Research and development costs

Research costs are expensed as incurred. Capitalised development costs are recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the capitalised development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Capitalised development costs are amortised on a straight line basis over the estimated useful economic life of 4 years. Capitalised development costs are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Impairment of non-financial assets (cont'd)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Subsidiary

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.9 Basis of consolidation and business combinations

(a) Basis of consolidation

The financial statements of the subsidiary has not been consolidated with that of the Company as the Company is itself a wholly-owned subsidiary of a company incorporated in Singapore. The financial statements of the Company and its subsidiaries have been consolidated with the financial statements of its holding company, Affle Holdings Pte. Ltd., whose registered office is at 100 Pasir Panjang Road #06-07, Singapore 118518.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquire, that are present ownership interests and entitled their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Company's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2. Summary of significant accounting policies (cont'd)

2.9 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Company's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Company becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.11 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.14 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "other income". Alternatively, they are deducted in reporting the related expenses.

2.15 Employee benefits

(a) Defined contribution plan

The Company participates in the national pension schemes as defined by the law in Singapore. The Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.16 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Summary of significant accounting policies (cont'd)

2.16 Leases (cont'd)

As lessee (cont'd)

(a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, deprivation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Company has exercised the FRS 116 exemption to not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.16 Leases (cont'd)

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

As lessee

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Development of mobile assets (Enterprise Platform)

Revenue from the development of mobile assets is recognised by reference to the stage of completion at the end of the reporting period by using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(b) Services rendered for mobile assets (Consumer Platform)

Revenue from services rendered for mobile assets is recognised on accrual basis upon rendering of services based on the terms of the contracts. In terms of contracts, excess/shortfall of revenue over the billed as at the period-end is carried in financial statement as gross amount due from/to customers for contract work-in-progress.

(c) Service fee charged to subsidiary

Service fee was received from its subsidiary in regards to the use of the Affle platform which was developed by the Company. Service fee is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(d) Interest income

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.18 Taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

2.20 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) A present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

(a) Determination of functional currency

In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currencies of the Company is determined based on management's assessment of the currency that mainly influences sales prices for goods and services. Management has assessed that prices are mainly denominated and settled in USD. In addition, most of the direct cost base is mainly denominated in USD as well. Therefore, management concluded that the functional currency of the Company is USD.

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

(b) Impairment assessments of non-financial assets

Impairment exists when indicators are identified that indicate that the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. Factors that the Company considers in deciding when to perform an impairment review include, but are not limited to significant under-performance of a business or product line in relation to expectations, significant negative industry or economic trends, and significant planned changes in the use of the CGU.

The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. Historically, the Company's asset impairment analyses have utilised a value in use model. When preparing a value in use model, the Company makes subjective judgments in determining the independent cash flows that can be related to a specific CGU based on its asset usage model and manufacturing capabilities in addition to the discount rate used in the value in use computation.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Revenue recognition – Development of mobile assets (Enterprise platform)

The Company recognises revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs. In making these estimates, management had relied on the past experience and knowledge of the project engineers.

(b) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) Provision for expected credit losses of trade receivables (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 13.

The carrying amount of trade receivables at the end of the reporting period is disclosed in Note 13.

(c) Development cost

Development costs are capitalised in accordance with the accounting policy in Note 2.6. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. As at 31 March 2020, the carrying amount of development costs capitalised at the end of the reporting period was US$3,487,000.

(d) Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

4. Revenue

(a) Disaggregation of revenue

	2020 US$'000	2019 US$'000
Services rendered for mobile assets (Consumer platform)	15,828	13,921
Development of mobile assets (Enterprise platform)	531	304
	16,359	14,225
Business Unit		
Advertisement International	3,573	8,071
Advertisement India	70	57
Advertisement Middle East ("MEA")	688	–
Advertisement Southeast Asia ("SEA")	3,013	1,550
Channel Sales	536	643
Enterprise	531	304
Vizury/RevX/Shoffr	6,345	3,021
Intercompany	1,582	579
Others	21	–
	16,359	14,225
Timing of transfer of goods or services		
At a point in time	15,828	13,921
Over time	531	304
	16,359	14,225

(b) Contract balances

Information about contract balances is disclosed as follows:

	Note	2020 US$'000	2019 US$'000
Receivables from contracts with customers	13	2,575	2,992
Accrued revenue		403	497
Advance from customers	15	30	52

Accrued revenue relates to completed services rendered for mobile assets that has yet to be billed to customers.

Advance from customers is recorded when amounts received from customers are in excess of revenue that can be recognised because performance obligations have not been satisfied and control of the promised products or services has not transferred to the customer.

4. Revenue (cont'd)

(b) Contract balances (cont'd)

(i) Significant changes in accrued revenue are explained as follows:

	2020 US$'000	**2019** US$'000
Accrued revenue reclassified to receivables	497	–

(ii) Significant changes in advances from customers are explained as follows:

	2020 US$'000	**2019** US$'000
Revenue recognised that was included in the advances from customers balance at the beginning of the year	14	–

The Company has applied the practical expedient not to disclose information about its remaining performance obligation as the contracts have an original expected duration of less than a year.

5. Other income

	2020 US$'000	**2019** US$'000
Government grants	10	1
Service fees charged to subsidiary	23	42
Interest income	15	2
Royalty fee income from immediate holding company	300	–
Net foreign exchange gain	2	–
Extinguishment of non contingent liability on business acquisition (Note 11)	100	–
Others	11	–
	461	45

6. Salaries and employee benefits

	2020 US$'000	**2019** US$'000
Salaries and bonuses	1,565	768
Defined contribution plan	37	17
Other short-term benefits	20	51
	1,622	836

7. Other expenses

	2020 US$'000	**2019** US$'000
Communication expenses	9	4
Miscellaneous expenses	59	33
Research and development costs	38	5
Recruitment fees	19	–
Net foreign exchange loss	–	17
Others	21	7
	146	66

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

	2020 US$'000	**2019** US$'000
Statement of comprehensive income		
Current income taxation	441	386
Income tax expense recognised in profit or loss	441	386

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2020 and 2019 are as follows:

	2020 US$'000	**2019** US$'000
Profit before tax	3,148	3,935
Tax calculated at a tax rate of 17%	535	669
Effects of:		
Non-deductible expenses	–	3
Income not subject to tax	(20)	–
Tax effect of partial tax exemption and tax relief	(23)	(23)
Deferred tax assets not recognised	(55)	(260)
Others	4	(3)
Income tax expense recognised in profit or loss	441	386

At the end of the reporting period, the Company has unutilised capital allowance of US$1,857,000 (2019: US$1,531,000) that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the Company operates.

9. Plant and equipment

	Computers US$'000
Cost	
At 1 April 2018 (date of incorporation)	–
Addition	4
At 31 March 2019 and 1 April 2019	4
Addition	19
Disposal	(2)
At 31 March 2020	21
Accumulated depreciation	
At 1 April 2018 (date of incorporation)	–
Depreciation charge for the period	1
At 31 March 2019 and 1 April 2019	1
Depreciation charge for the year	5
Disposal	(1)
At 31 March 2020	5
Net carrying amount	
At 31 March 2020	16
At 31 March 2019	3

10. Intangible assets

	Internally generated software US$'000	Non-compete US$'000	Software US$'000	Goodwill US$'000	Total US$'000
Cost					
At 1 April 2018	–	–	–	–	–
Addition	569	–	–	–	569
Attributable to the acquisition on business segment (Note 11)	–	–	240	2,760	3,000
Attributable to the transfer of business (Note 19)	8,412	–	–	–	8,412
At 31 March 2019 and 1 April	8,981	–	240	2,760	11,981
Addition	2,400	261	–	–	2,661
Attributable to the acquisition on business segments (Note 11)	–	–	677	4,373	5,050
At 31 March 2020	11,381	261	917	7,133	19,692
Accumulated amortisation					
At 1 April 2018	–	–	–	–	–
Amortisation for the period	577	–	35	–	612
Attributable to the transfer of business (Note 19)	6,506	–	–	–	6,506
At 31 March 2019 and 1 April 2019	7,083	–	35	–	7,118
Amortisation for the period	811	–	187	–	998
At 31 March 2020	7,894	–	222	–	8,116
Net carrying amount					
At 31 March 2020	3,487	261	695	7,133	11,576
At 31 March 2019	1,898	–	205	2,760	4,863

Internally generated software

As a global data and audience centric end-to-end mobile apps and ad services platform company, the integrated technology platform focuses on delivering brand and commerce campaigns for our customers.

The Company capitalises certain internal software development costs primarily consists of salaries and manpower related cost for development employees which are associated with creating the internally developed software. Additional expenses includes office rental, outsourcing costs and other related overhead.

10. Intangible assets (cont'd)

Non-compete

Non-competition agreements are entered into upon acquisition of a subsidiary, Mediasmart Mobile S.L., to limit its' employees ability to compete with the Company. Non-compete is recognised as an intangible asset as of the acquisition date at its estimated fair value. Non-compete is to be amortised over 4 years, using the straight-line method, starting from 1 April 2020.

Goodwill

Goodwill arose from the acquisition of Vizury business segment in 2019, and from the acquisition of Shoffr business segment and RevX business segment in 2020.

Impairment testing of goodwill

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions:

- Net profit margins
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Net profit margins - Net profit margins are based on average values achieved in the two years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Discount rates - Discount rates represent the current market assessment of the risks specific to each cash generating unit ("CGU"), taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings that the Company would be obliged to service.

Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate estimates - Rates are based on average values achieved in the two years preceding the beginning of the budget period.

Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions.

No impairment loss was recognised for the carrying amount of goodwill assessed as at 31 March 2020 and as at 31 March 2019 as the recoverable amount of the CGU was in excess of the carrying value.

11. Acquisition on business segment

Acquisition of Shoffr and RevX

On 19 February 2019 (the "acquisition date"), the Company acquired Business Segment (Commerce Business including its Goodwill) of Shoffr Pte. Ltd. for a consideration of US$550,000.

On 1 April 2019 (the "acquisition date"), the Company acquired RevX Inc. (Commerce Business including its Brand, IP, Records, Movable assets, Goodwill and Business relationships) for consideration of US$4,500,000.

As the Purchase Price Allocation ("PPA") conducted by an independent appraiser was completed as at date of financial statements, the consideration of US$550,000 and US$4,500,000 respectively have been allocated based on the fair value computations at the acquisition date as an intangible asset arising from this acquisition. The initial accounting for this business combination has been finalised as at date of the financial statements. Based on the PPA information obtained, the fair value of the identifiable net asset arising from the transaction are as follow:

	Value recognised on acquisition		
	Shoffr	**RevX**	**Total**
	US$'000	US$'000	US$'000
Software (Note 10)	–	677	677
Total identifiable net assets	–	677	677
Goodwill arising from acquistions (Note 10)	550	3,823	4,373
	550	4,500	5,050
Consideration transferred			
Cash paid during the year	450	4,500	4,950
Extinguishment of non contingent liability on business acquisition (Note 5)	100	–	100
Total consideration	550	4,500	5,050

Subsequent to the acquisition date, a full and final settlement agreement was entered into with the selling shareholder of Shoffr to extinguish non-contingent purchase consideration of $100,000 initially agreed upon. The extinguishment of this payment obligation arose from events and conditions that did not exist as at the date of acquisition and was accordingly recorded in other income as disclosed in Note 5.

11. Acquisition on business segment (cont'd)

Acquisition of Vizury

On 1 September 2018 (the "acquisition date"), the Company acquired Business Segment (Commerce Business including its Brand, IP, Domain, employees and Business relationships) of Vizury Interactive Solutions Private Limited and Vizury Interactive Solutions FZ-LLC for consideration of US$500,000 and US$2,500,000 respectively.

As the Purchase Price Allocation ("PPA") conducted by an independent appraiser was completed as at date of financial statements, the consideration of US$3,000,000 has been allocated based on the fair value computations at the acquisition date as an intangible asset arising from this acquisition. The initial accounting for this business combination has been finalised as at date of the financial statements. Based on the PPA information obtained, the fair value of the identifiable net asset arising from the transaction are as follow:

	2019 Value recognised on acquisition
	US$'000
Software	240
Total identifiable net assets	240
Goodwill arising from acquistion (Note 10)	2,760
	3,000
Consideration transferred	
Cash paid in 2019	1,750
Amount payable to Vizury	1,250
Total consideration	3,000

At the end of the previous financial year, the total consideration of US$3,000,000 had been fully paid.

12. Investment in subsidiaries

The Company had following investment as at 31 March:

	2020 US$'000	2019 US$'000
Shares, at cost	4,715	1

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	2019
Held by the Company:				
PT Affle Indonesia	Indonesia	Product development for mobile software & technology	100	100
Affle MEA FZ-LLC	United Arab Emirates	Product development for mobile software & technology	100	–
Mediasmart Mobile S.L.	Spain	Product development for mobile software & technology	100	–

On 1 July 2018, the Company acquired 100% equity interest in PT Affle Indonesia for a purchase consideration of US$1,000.

On 1 April 2019, the Company acquired 100% equity interest in Affle MEA FZ-LLC for a purchase consideration of US$13,624.

On 28 February 2020, the Company acquired 100% equity interest in Mediasmart Mobile S.L. for a purchase consideration of US$4,699,507, out of which US$3,114,621 has been paid. However, 100% completion and control shall be deemed to be effective from 1 January 2020, as all control has been passed to the Company. The imputed interest on the deferred portion of the purchase consideration has been assessed by management to be not significant.

13. Trade and other receivables

	2020 US$'000	2019 US$'000
Trade and other receivables (current):		
Trade receivables from third parties	2,877	3,294
Amount due from subsidiaries (trade)	407	311
Amount due from subsidiary (non-trade)	70	13
Amount due from ultimate holding company (non-trade)	1	32
Amount due from related company (non-trade)	–	220
Deposits	17	23
Other receivables	4,256	725
	7,628	4,618
Allowance for expected credit losses	(302)	(302)
Total trade and other receivables (current)	7,326	4,316
Add: Cash and cash equivalents (Note 14)	917	2,654
Less: Sales tax receivables	(1)	(21)
Total financial assets carried at amortised cost	8,242	6,949

<u>Trade receivables</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Amount due from ultimate holding company, subsidiaries and related company</u>

Amounts due from ultimate holding company, subsidiaries and related company (trade and other receivables) are non-interest bearing, unsecured and repayable upon demand.

Trade and other receivables denominated in foreign currency at 31 March are as follows:

	2020 US$'000	2019 US$'000
Euro Dollar	11	377
Malaysia Ringgit	922	261
Singapore Dollar	87	67
Canadian Dollar	14	1

13. Trade and other receivables (cont'd)

Allowance for expected credit losses

The movement in allowance for expected credit losses of trade receivables and other receivables computed based on lifetime ECL is as follows:

	2020 US$'000	2019 US$'000
Movement in allowance accounts:		
At 1 April	302	–
Allowance for expected credit losses	–	302
At 31 March	302	302

Credit risk exposure on trade receivables using a provision matrix

31 March 2020

	Days past due					
	Current US$'000	< 30 days US$'000	> 31 to 60 days US$'000	> 61 to 90 days US$'000	> 90 days US$'000	Total US$'000
Carrying amount of trade receivables	660	900	263	262	792	2,877
Expected credit loss	–	–	–	–	302	302

31 March 2019

	Days past due					
	Current US$'000	< 30 days US$'000	> 31 to 60 days US$'000	> 61 to 90 days US$'000	> 90 days US$'000	Total US$'000
Carrying amount of trade receivables	1,088	1,118	261	312	515	3,294
Expected credit loss	–	–	–	–	302	302

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

14. Cash and cash equivalents

	2020 US$'000	**2019** US$'000
Cash at bank	917	1,653
Short-term deposits	–	1,001
	917	2,654

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The effective interest rate as at 31 March 2019 for the Company was 2.23% per annum.

Cash and cash equivalents denominated in foreign currency at 31 March are as follows:

	2020 US$'000	**2019** US$'000
Singapore Dollar	56	156

15. Trade and other payables

	2020 US$'000	**2019** US$'000
Current		
Trade payables:		
Trade payables to third parties	2,102	683
Amount due to immediate holding company (trade)	292	432
	2,394	1,115
Other payables:		
Amount due to related company (non-trade)	381	485
Amount due to immediate holding company (non-trade)	49	154
Advance payment from customers	30	52
Accruals	659	1,924
Other payables	641	1,374
Non-current		
Other payables	1,286	–
Total trade and other payables	5,440	5,104
Add: Loans and borrowings – current (Note 16)	3,700	300
Add: Loans and borrowings – non-current (Note 16)	3,200	1,000
Total financial liabilities carried at amortised cost	12,340	6,404

15. Trade and other payables (cont'd)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 days' terms.

Amount due to immediate holding company and related company

Amount due to holding company and related company (trade and other payables) are non-interest bearing and are repayable upon demand.

Trade and other payables denominated in foreign currency at 31 March is as follows:

	2020 US$'000	**2019** US$'000
Singapore Dollar	81	22
Euro Dollar	1,893	–
Malaysia Ringgit	–	11

16. Loans and borrowings

	Maturity	**2020** US$'000	**2019** US$'000
Term loan			
- Due within 12 months	March 2021	3,700	300
- Not due within 12 months	April 2021 to January 2022	3,200	1,000
		6,900	1,300

The term loan from the ultimate holding company at the reporting date is unsecured and repayable quarterly with a loan tenure of 24 months and interest rate of 2-3% per annum from respective drawdown dates.

16. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

				Non-cash changes			
	As at 1 April 2019 US$'000	**Cash flows** US$'000	**Repayment** US$'000	**Accretion of interest** US$'000	**New leases entered** US$'000	**Others** US$'000	**As at 31 March 2020** US$'000
Term loan (excluding interest)	1,300	9,700	(4,100)	–	–	–	6,900
Lease liabilities							
- Current	32	–	(33)	1	5	21	26
- Non-current	32	–	–	–	2	(26)	8

	As at 1 April 2018 (date of incorporation) US$'000	**Cash flows** US$'000	**Repayment** US$'000	**As at 31 March 2019** US$'000
Term loan	–	1,500	(200)	1,300

The "Others" column relates to reclassification of non-current portion of lease liabilities due to passage of time and foreign exchange differences.

17. Leases

The Company has entered into commercial leases principally for its office premise. These lease terms range between 13 and 36 months.

The Company also has certain leases of office premises with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' recognition exemptions for these leases.

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2020 Office space US$'000
At 1 April 2019	–
Adoption of FRS 116 *Leases*	64
Additions during the financial year	7
Depreciation expense	(32)
At 31 March 2020	39

17. Leases (cont'd)

(b) Lease liabilities

The carrying amounts of lease liabilities (included under loans and borrowings) and the movement during the year are disclosed in Note 16 and the maturity analysis of lease liabilities is disclosed in Note 23(b).

(c) The following are the amounts recognised in the profit or loss:

	2020 US$'000
Depreciation expense of right-of-use assets	32
Interest expense on lease liabilities	1
Lease expense not capitalised in lease liabilities:	
- Rental expense relating to short-term leases	31
Total amount recognised in profit or loss	64

(d) Total cash outflow

The Company had total cash outflow for leases of US$64,000 in 2020.

(e) Extension options

The Company has extension options for the lease contract. However, these options are negotiated by the management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extensions are reasonably certain to be exercised.

18. Share capital

	2020		**2019**	
	No. of shares	US$'000	No. of shares	US$'000
Issued ordinary shares				
At 1 April	711,268	2,000	–	–
Issuance of ordinary shares in April 2018	–	–	211,268	1,500
Issuance of new ordinary shares in March 2019	–	–	500,000	500
Issuance of new ordinary shares in March 2020	371,747	4,000	–	–
At 31 March	1,083,015	6,000	711,268	2,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

19. Transfer of business

On 1 July 2018, the agreed assets and liabilities from Affle Global Pte. Ltd. were transferred to the Company for a consideration of US$1,907,000.

The identifiable cash flows assets and liabilities was transferred to the Company on 1 July 2018 were:

	2019
	US$'000
Intangible assets	1,906
Investment in subsidiary	1
Net assets transferred	1,907
Consideration paid for transfer of business	1,907

20. Related party transactions

(a) Sales and purchase of services

Other than the related party information disclosed elsewhere in the financial statements, the following are transactions between the Company and related parties during the financial year:

	2020	**2019**
	US$'000	US$'000
Service provided to subsidiary	(974)	(628)
Service received from related company	43	–
Service received from holding company	2,798	1,796
Service received from ultimate holding company	43	–
Recharge of manpower cost from holding company	868	384
Recharge of manpower cost to ultimate holding company	(56)	(150)
Recharge of manpower cost to related company	–	(2)
Recharge of manpower cost to subsidiary	(61)	(27)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2020	**2019**
	US$'000	US$'000
Salaries and bonuses	171	118
Defined contribution plan	13	9
	184	127

21. Commitments

(a) Operating lease commitments

The Company has entered into commercial leases for its office premises and equipment. These leases have an average tenure of three years with renewal option but no contingent rent provision included in the contract. Operating lease payments recognised as an expense in the profit or loss during the financial year ended 31 March 2019 amounting to US$47,000.

Future minimum rentals under non-cancellable leases as at 31 March 2019 is as follows:

	2019
	US$'000
Not later than one year	57
Later than one year but not later than five years	73
	130

As disclosed in Note 2.2, the Company has adopted FRS 116 *Leases* on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 March 2020, except for short-term leases.

(b) Capital commitments

During the financial year, the Company has committed to settle consideration for an equity stake of 5.22% in an acquired subsidiary, Mediasmart Mobile S.L., before or on 31 March 2021.

The Company had also entered into contingent payment arrangements with selling shareholders, Noelia Amoe Casqueiro and Noedeom S.L., which are expected to be settled between financial years 2021 and 2023.

	2020
	US$'000
5.22% shares in Mediasmart Mobile S.L.	253
Contingent payment arrangements	1,297
	1,550

The consideration payable amounting to US$1,550,000 is recorded within trade and other payables as at 31 March 2020.

22. Fair value of financial instruments

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximate of fair value

Cash and cash equivalents, trade and other receivable, trade and other payables, amount due from/(to) related company/subsidiaries/holding company/ultimate holding company based on their notional amounts, reasonably approximate their fair value due to their short-term nature. Management has assessed and determined the difference between fair value and carrying value of non-current payables to be not significant.

23. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. Throughout the current financial year, the Company did not engage in speculative activities.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has no significant concentration of credit risk. The Company has policies in place to ensure that transactions are entered into only with counterparties that are of acceptable credit quality. In addition, receivables balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The maximum exposure to credit risk is represented by the net carrying amount of financial assets recorded in the financial statements. No other financial assets carry a significant exposure to credit risk.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the outstanding trade and other receivables and cash and cash equivalents as disclosed in Note 13 and 14 respectively.

23. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Analysis of financial instrument by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less US$'000	**One year or more** US$'000	**Total** US$'000
2020			
Financial assets:			
Trade and other receivables	7,326	–	7,326
Cash and cash equivalents	917	–	917
Total undiscounted financial assets	8,243	–	8,243
Financial liabilities:			
Trade and other payables	4,154	1,286	5,440
Loans and borrowings	3,813	3,225	7,038
Lease liabilities	27	8	35
Total undiscounted financial liabilities	7,994	4,519	12,513
Total net undiscounted financial assets/(liabilities)	249	(4,519)	(4,270)

23. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instrument by remaining contractual maturities (contd)

	One year or less US$'000	**One year or more** US$'000	**Total** US$'000
2019			
Financial assets:			
Trade and other receivables	4,316	–	4,316
Cash and cash equivalents	2,654	–	2,654
Total undiscounted financial assets	6,970	–	6,970
Financial liabilities:			
Trade and other payables	5,104	–	5,104
Loans and borrowings	339	1,016	1,355
Total undiscounted financial liabilities	5,443	1,016	6,459
Total net undiscounted financial assets/(liabilities)	1,527	(1,016)	511

(c) Foreign currency risk

The Company is exposed to foreign currency risk on sales and expenses that are denominated in other currencies. The currencies giving rise to this risk are primarily the Singapore Dollar (SGD), Malaysia Ringgit (MYR) and Euro Dollar (Euro). The Company also holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the end of the reporting period, such foreign currency balances are disclosed in Note 14.

23. Financial risk management objectives and policies (cont'd)

(c) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the SGD, MYR and EUR exchange rates against the Company's functional currency, with all other variables held constant.

	Increase/(decrease) Profit before tax 2020 US$'000	**Increase/(decrease) Profit before tax 2019** US$'000
SGD		
- strengthened 5%	1	13
- weakened 5%	(1)	(13)
MYR		
- strengthened 5%	46	14
- weakened 5%	(46)	(14)
EUR		
- strengthened 5%	189	19
- weakened 5%	(189)	(19)

24. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company relies on its ultimate holding company to provide continuing financial support to enable the Company to repay its obligation as and when they fall due.

No changes were made in the objectives, policies or processes during the financial years ended 31 March 2020 and 31 March 2019.

25. Events occurring after the reporting period

In late December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") commenced and continued to spread rapidly globally and was declared a global pandemic in March 2020 by the World Health Organisation. In an effort to contain the spread of COVID-19, many countries around the world, including where the Company operates in regulatory actions have been imposed, including travel restrictions, in-person gatherings, suspensions of public events, business closures, quarantines and lock-downs resulting in deterioration in economic and market conditions in the first half of 2020.

Since early 2020, the COVID-19 outbreak has also resulted in sharp declines and volatilities in global financial markets subsequent to the financial statement date. The financial effects of these events, including possible impairments and fair value changes to the Company's assets cannot be reliably estimated at this date of the financial statements as the COVID-19 pandemic is still ongoing and rapidly evolving and creates significant challenges to the Company in forecasting the estimated financial effects. Accordingly, no adjustments have been made to the financial statements as at 31 March 2020 for the impacts of COVID-19.

26. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 29 May 2020.