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INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE FINANCIAL STATEMENTS PREPARED FOR CONSOLIDATION PURPOSES

To the Board of Directors of Hexaware Technologies Limited

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of Mobiquity Inc. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2019, statement of profit and loss (including other comprehensive income) and statement of changes in equity for the period from June 14, 2019 to December 31, 2019, and related notes to the Special Purpose Financial Statements, including a summary of significant accounting policies.

The Special Purpose Financial Statements have been prepared by the Management of the Company in accordance with significant accounting policies included in Hexaware Technologies Limited's (hereinafter referred to as "the Holding Company") financial statements for year-ended December 31, 2019, which are in accordance with Indian Accounting standards (Ind AS) notified under Section 133 of the Companies Act, 2013. However, these Special Purpose Financial Statements do not include comparative numbers and all the disclosures required by Ind AS or included in Holding Company's Ind AS financial statements and therefore cannot be said to be compliant with Ind AS in all respects.

In our opinion, the accompanying Special Purpose Financial Statements of the Company for the period from June 14, 2019 to December 31, 2019 are prepared in all material respects, in accordance with the recognition and measurement principles included in significant accounting policies section of the Holding Company's financial statements for year ended December 31, 2019.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special purpose financial statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the special purpose financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

We draw attention to Note 2 and 31 to the Special Purpose Financial Statements, which describes the basis of accounting and the accounting for investment in subsidiaries respectively.

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Restriction on Distribution and Use

The Special Purpose Financial Statements have been prepared for purpose of providing information to Hexaware Technologies Limited to enable it to prepare its consolidated financial statement. As a result, the Special Purpose Financial Statements are not a complete set of financial statement of the Company in accordance Ind AS.

Our report is intended solely for the use of Board of Directors of Hexaware Technologies Limited and should not be distributed to or used by any other parties. BDO India LLP shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Responsibilities of Management and those charged with Governance for Special Purpose Financial Statements

Management is responsible for the preparation of these Special Purpose Financial Statements in accordance with the significant accounting policies included in Hexaware Technologies Limited's Ind AS financial statements for year ended December 31, 2019; and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statement that are free from material misstatement whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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

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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 expressing our opinion on whether the company has internal financial controls with reference to Special Purpose Financial Statements in place and the operating effectiveness of such controls.
- 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 Special Purpose 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.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Other Matter

The Company has prepared the Balance sheet as at June 13, 2019 i.e. date of acquisition of control over the Company by Hexaware Technologies Limited. This Balance Sheet as at June 13, 2019 included in Special Purpose Financial Statement are unaudited.

For BDO India LLP

Vishal Divadkar
Partner
Place: Mumbai
Date: February 10, 2020

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MOBIQUITY INC.

SPECIAL PURPOSE BALANCE SHEET AS AT DECEMBER 31, 2019

(Amount in USD unless otherwise stated)

	Notes	As at December 31, 2019	As at June 13, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,29,857	5,85,092
Investments in subsidiaries	31	41,37,000	41,37,000
Financial assets			
Other financial assets	7	4,30,503	4,27,415
Total Non-current assets		**50,97,360**	**51,49,507**
Current assets			
Financial assets			
Trade receivables	5	67,15,312	49,79,380
Contract assets		5,88,122	15,86,036
Cash and cash equivalents	6	31,03,367	60,55,250
Other financial assets	7	84,51,350	33,68,975
Other current assets	8	11,16,873	7,56,834
Total Current assets		**1,99,75,024**	**1,67,46,475**
Total Assets		**2,50,72,384**	**2,18,95,982**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	10	10
Other equity	10	1,76,01,134	1,74,84,844
Total equity		**1,76,01,144**	**1,74,84,854**
Liabilities			
Non-current liabilities			
Other non-current liabilities	14	1,06,123	1,21,249
Deferred tax liabilities (Net)		19,390	19,390
Total non-current liabilities		**1,25,513**	**1,40,639**
Current liabilities			
Financial liabilities			
Trade payables	11	10,12,497	7,43,389
Other financial liabilities	12	54,57,476	29,28,132
Provisions	13	4,59,345	3,51,891
Contract Liabilities		2,86,659	2,39,981
Other current liabilities	14	1,29,750	7,096
Total current liabilities		**73,45,727**	**42,70,489**
Total liabilities		**74,71,240**	**44,11,129**
Total equity and liabilities		**2,50,72,384**	**2,18,95,982**

The accompanying notes form an integral part of the Special Purpose Financial Statements.

As per our report of even date
For BDO India LLP

Vishal Divadkar
Partner

BDO INDIA LLP MUMBAI-99

Place: Mumbai
Date: February 10, 2020

For and on behalf of the Board
Mobiquity Inc.

J. Castleman
Director

Place: Philadelphia
Date: February 10, 2020

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MOBIQUITY INC.
SPECIAL PURPOSE STATEMENT OF PROFIT AND LOSS FOR PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019
(Amount in USD unless otherwise stated)

	Notes	For the period from June 14, 2019 to December 31, 2019
Revenue from operations	15	2,81,68,709
Other income	16	28,55,089
Total income		**3,10,23,798**
Expenses		
Software and development expenses		55,50,311
Employee benefits expense	17	1,64,47,281
Finance costs	18	16,218
Depreciation expenses	19	1,54,050
Impairment loss on financial asset	20	1,65,000
Other expenses	21	27,78,319
Total expenses		**2,51,11,179**
Profit before tax		**59,12,619**
Tax expense		**53,512**
Profit for the period		**58,59,107**
Other comprehensive income for the period		-
Total Comprehensive income for the period		**58,59,107**
Earnings per share (Face Value USD 0.001 per share)		
Basic and diluted earnings per share (USD) (Not annualised)		**585.91**

The accompanying notes form an integral part of the Special Purpose Financial Statements.

As per our report of even date
For BDO India LLP

Vishal Divadkar
Partner

Place: Mumbai
Date: February 10, 2020

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For and on behalf of the Board
Mobiquity Inc.

J. Castleman
Director

Place: Philadelphia
Date: February 10, 2020

MOBIQUITY INC.

SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amount in USD unless otherwise stated)

(A) Equity Share Capital

Particulars	Note	Total
Balance as at June 13, 2019	9	10
Movement in share capital		-
Balance as at December 31, 2019	9	10

(B) Other equity

Particulars	Reserves and Surplus		Total
	Additional paid in capital	Retained earnings	
Balance as at June 13, 2019	1,06,62,182	68,22,662	1,74,84,844
Profit for the period	-	58,59,107	58,59,107
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	58,59,107	58,59,107
Movement during the period	(1,50,000)	-	(1,50,000)
Deemed distrirbution on account of expenses incurred for Holding Company for the period	-	(55,92,817)	(55,92,817)
Balance as at December 31, 2019	1,05,12,182	70,88,953	1,76,01,134

The accompanying notes form an integral part of the Special Purpose Financial Statements.

As per our report of even date
For BDO India LLP

Vishal Divadkar
Partner

BDO INDIA LLP MUMBAI-99

Place: Mumbai
Date: February 10, 2020

For and on behalf of the Board
Mobiquity Inc.

J. Castleman
Director

Place: Philadelphia
Date: February 10, 2020

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1 **Corporate Information**

Mobiquity Inc. ("Mobiquity" or "the Company") is a Delaware corporation incorporated on November 17, 2010. The Company is headquartered in Waltham, Massachusetts, and operates in the United State. The Company delivers effortless digital experiences spanning mobile, web, voice and internet of things on behalf of leading enterprise brands. It provides strategy, experience design, product engineering, cloud and analytics services to help clients drive deeper digital engagement and improve loyalty, under both fixed price and 'time and materials' arrangements.

On June 13, 2019, Hexaware Technologies Limited ('Hexaware' or the 'Holding Company'), a public limited company incorporated in India, acquired 100% shareholding of the Company along with its subsidiaries. Consequent to acquisition of 100% shareholding, the Company became wholly owned subsidiary of Hexaware. Hexaware is a leading Global IT consulting and digital solutions Company. The acquisition was routed by incorporating a new entity - Montana Merger Sub Inc. Mobiquity Inc. subsequently merged into , Montana Merger Sub Inc. which was subsequently renamed back to Mobiquity Inc. Consequent this, Mobiquity Inc. became wholly owned subsidiary of Hexaware. These standalone financial statements has been prepared as if it is a continuation of the erstwhile Mobiquity Inc.

2 **Significant Accounting Policies**

2.1 **Basis of preparation and presentations**

The Special Purpose Financial Statements ('Financial Statements') have been prepared solely for purpose of providing information to Hexaware Technologies Limited ('Holding Company') to enable Holding Company to prepare its consolidated financial statement under Indian Accounting Standard (Ind AS). As a result, the Special Purpose Financial Statements are not a complete set of financial statement of the Company in accordance Ind AS.

The financial statements comply in all material aspects with respect to recognition and measurement requirements of Holding company's accounting policies. Holding company's accounting policies are in accordance with 'Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These financial statements do not include all required notes and disclosures as required under Ind AS, accordingly these financial statements cannot be construed as in compliance with Ind AS to that extent.

The Company prepares its financial statements in accordance with generally accepted accounting principles in United States ('US GAAP') set by the Financial Accounting Standards Board ('FASB') (referred to as "US GAAP financial statements"). The management of the Company has compiled the Special Purpose Standalone Financial Statements using the US GAAP Financial Statements and after incorporating required adjustments for GAAP differences between US GAAP and Ind AS applicable to the Company. The Company will continue reporting under applicable US GAAP for their local reporting.

The Company has prepared the Balance sheet as at June 13, 2019 (i.e. date when control over the Company is acquired by Hexaware.) These Balance Sheet as at June 13, 2019 are unaudited. Financial statements comprising Balance Sheet as at December 31, 2019, Statement of profit and loss (including other comprehensive income) and statement of changes in equity for the period June 14, 2019 to December 31, 2019 are subjected to audit. The comparative financial statements and Statement of Cash Flow have not been presented.

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

These financial statements have been prepared in United State Dollars (USD) which is the functional currency of the Company.

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All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

2.2 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

(i) Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on expected contract estimates at the reporting date and can be reliably estimated.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Contract fulfilment costs are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

(ii) Income-tax

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments and deferred tax asset on unrecognised tax benefits. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

(iii) Others

Others areas involving estimates relates useful lives of Property, Plant and Equipment.

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2.3 Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products or services.

In case of contract on time and material basis, transaction-based or volume-based contracts, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The company uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as Contract liability. Contract assets represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

Revenues related to fixed-price maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed using the percentage of completion method.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contracts are subject to modification to account for changes in contract specification and requirements. The company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

2.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) **Finance Lease**

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value of leased assets determined at the inception of lease and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant periodic rate of interest on the remaining balance of liability.

b) **Operating Leases**

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation.

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2.5 Functional and presentation currency

Foreign currency

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of the Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date of Balance Sheet. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Items in the statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in Other comprehensive income.

2.6 Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss.

2.7 Employee Benefits

a) **Post-employment benefits and other long term benefit plan**

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schemes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to scheme.

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or loss.

b) **Short term employee benefit**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year, statutory employee profit sharing and bonus payable.

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2.8 Share based compensation

Equity settled share based payments to employees and directors are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period based on periodic estimate of the equity instruments that will eventually vest, with the corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest with impact of revision recognised in the profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share option outstanding account.

Employees of the Company are granted share based payments of Holding Company. Holding Company recharges cost related to these share based payment to the Company. The amount payable to the Holding Company is recognised as employees expenses with corresponding amount recognised as liability.

2.9 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from tax authorities using enacted or substantively enacted tax rates.

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised 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.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

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2.10 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as determined based on the expert technical advice / stipulation of Schedule II of the Act:

Asset Class	Estimated useful Life
IT Equipment	3 years
Office Equipment	3-5 years
Furniture and Fixtures	3-5 years

Leasehold improvements and leasehold equipments are amortised over the lease period or useful life of an asset whichever is less.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.11 Impairment

a) Financial assets (other than at fair value)

The Company assesses at each balance sheet date whether a financial asset or a Company of financial assets is impaired under Ind AS 109.

"Financial Instrument" requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses. if the credit risk on the financial asset has increased significantly since initial recognition.

b) Non-financial assets

At the end of each reporting period, the Company assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.12 Provisions and contingent liabilities

Provisions are recognised when the Company has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the Company will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which 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 a present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

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Contingent assets are possible assets 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 entity. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Onerous Contracts

A contract is considered as onerous when the expected economic benefits to be derived by the company from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

2.13 Non derivative financial instruments

Financial assets and liabilities are recognised when Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from fair value measured on initial recognition of financial asset or financial liability.

a) Financial assets and financial liabilities - subsequent measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held with a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(v) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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(vi) **Derecognition of financial assets**

A financial asset is derecognised only when

a) the rights to receive cash flows from the financial asset is transferred or expired

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognised only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the financial asset is neither transferred, nor the entity retains substantially all risks and rewards of ownership of the financial asset, then in that case financial asset is derecognized only if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vii) **Investment in subsidiaries**

Investment in subsidiaries is carried at cost less impairment, if any.

(viii) **Financial liabilities**

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(ix) **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

x) **Embedded derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payment of principal and interest.

Derivatives embedded in all other host contracts are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risk of the host and are measured at fair value through profit or loss. Embedded derivative closely related to host contracts are not separated.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

xi) **Derivative financial Instruments**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(xii) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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b) Share capital

Equity shares

Incremental costs directly attributable to the issue or re-purchase of equity shares, net of any tax effects, are recognised as a deduction from equity.

2.14 Fair value measurement

The Company measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

▶ In the principal market for the asset or liability, or

▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.15 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

2.16 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3 Recent accounting pronouncements

Certain new standards, amendments to standards are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective i.e. effective from annual periods beginning after January 1, 2020. New standards, amendments to standards and interpretations that could have potential impact on the financial statements of the company are:

a) Ind AS 116 - Leases

Ind AS 116 replaces the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognized assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of Ind AS 116 is annual periods beginning January 1, 2020.

b) Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The amendments are effective from the annual periods beginning January 1, 2020. The company is currently assessing the impact of adopting the amendments on its financial statements.

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(Amount in USD unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Furniture and Fixtures	Leasehold equipment	Office Equipment	IT Equipment	Leasehold improvements	Total
Gross block						
As at June 13, 2019	2,60,117	1,49,918	1,45,626	9,25,031	1,62,407	16,43,098
Additions	1,720	-	-	97,095	-	98,815
Disposals	-	(1,49,918)	-	-	-	(1,49,918)
As at December 31, 2019	2,61,837	-	1,45,626	10,22,126	1,62,407	15,91,995
Accumulated depreciation						
As at June 13, 2019	1,93,186	1,49,918	1,37,467	4,80,471	96,965	10,58,006
Charge for the period	13,901	-	3,577	1,21,640	14,932	1,54,050
Disposals for the period	-	(1,49,918)	-	-	-	(1,49,918)
As at December 31, 2019	2,07,087	-	1,41,044	6,02,110	1,11,897	10,62,138
Net Carrying amount						
As at June 13, 2019	66,931	-	8,159	4,44,560	65,442	5,85,092
As at December 31, 2019	54,751	-	4,582	4,20,015	50,509	5,29,857

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(Amount in USD unless otherwise stated)

5 TRADE RECEIVABLES (Unsecured)

Particulars	As at December 31, 2019	As at June 13, 2019
Considered good	67,15,313	49,79,380
Credit Impaired	15,04,855	13,76,855
	82,20,168	63,56,235
Less : Allowance for expected credit loss	(15,04,855)	(13,76,855)
Total	67,15,313	49,79,380

6 CASH AND CASH EQUIVALENTS

Particulars	As at December 31, 2019	As at June 13, 2019
Balances with banks		
On current accounts	31,03,367	43,63,962
Cash in transit*	-	16,91,288
Total	31,03,367	60,55,250

*This represents transfer of fund by Mobiquity B.V. through wire transfer which has been subsequently received in bank account of the Company on June 14, 2019.

7 OTHER FINANCIAL ASSETS

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non current	Current	Non current	Current
Financial assets at amortised cost :				
Receivable from related parties				
Receivable from Holding company	-	48,50,000	-	-
Receivables from other parties	-	36,01,350	-	33,68,975
Security Deposit	1,11,657	-	1,12,032	-
Deposits with bank	1,50,000	-	1,50,000	-
Restricted Cash (including margin money)	1,68,846	-	1,65,383	-
Total	4,30,503	84,51,350	4,27,415	33,68,975

8 OTHER ASSETS (Unsecured)

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Advance to suppliers	-	2,83,838	-	6,875
Deferred costs	-	-	-	11,478
Prepaid Expenses	-	8,33,035	-	7,38,481
Total	-	11,16,873	-	7,56,834

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9 SHARE CAPITAL

Particulars	As at December 31, 2019	As at June 13, 2019
Issued, Subscribed and paid up		
10,000 Equity Shares of USD 0.001/- each, fully paid-up	10	10
Total	10	10

(a) Reconciliation of equity shares outstanding at the beginning and end of the period

Particulars	As at December 31, 2019	
	No. of shares	Amount
Balance as at June 13, 2019	10,000	10
Movement during the period	-	-
Outstanding at the end of the period	10,000	10

(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at December 31, 2019		As at June 13, 2019	
Name of the shareholder	No. of shares	% of holding	No. of shares	% of holding
Hexaware Technologies Limited	10,000	100%	10,000.00	1.00

10 OTHER EQUITY

Particulars	As at December 31, 2019	As at June 13, 2019
Retained earnings	70,88,952	68,22,662
Additional paid in capital	1,05,12,182	1,06,62,182
Total Other Equity	1,76,01,134	1,74,84,844

(a) Retained earnings

Particulars	For the period from June 14, 2019 to December 31, 2019
Opening balance as at June 13, 2019	68,22,662
Add: Net profit for the period	58,59,107
Add: Other comprehensive income for the period	-
Less: Deemed distribution on account of expenses incurred for Holding Company for the period	(55,92,817)
Closing balance	70,88,952

(b) Additional paid in capital

Particulars	For the period from June 14, 2019 to December 31, 2019
Opening balance as at June 13, 2019	1,06,62,182
Movement during the period	(1,50,000)
Closing balance	1,05,12,182

11 TRADE PAYABLES

Particulars	As at December 31, 2019	As at June 13, 2019
Trade payables	10,12,497	7,43,389
Total	10,12,497	7,43,389

12 OTHER FINANCIAL LIABILITIES

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Payable to Related Parties	-	13,38,041	-	6,65,233
Accrued employee benefit expenses	-	32,92,809	-	16,47,491
Other Accrued expenses	-	8,26,626	-	6,15,408
Total	-	54,57,476	-	29,28,132

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13 PROVISIONS

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Provision for leave encashment	-	4,59,345	-	3,51,891
Total	**-**	**4,59,345**	**-**	**3,51,891**

14 OTHER LIABILITIES (NON-FINANCIAL)

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Advance from customers	-	30,050	-	-
Statutory dues payable	-	99,700	-	7,096
Deferred Rent	1,06,123	-	1,21,249	-
Total	**1,06,123**	**1,29,750**	**1,21,249**	**7,096**

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(Amount in USD unless otherwise stated)

15 REVENUE FROM OPERATIONS

Particulars	For the period from June 14, 2019 to December 31, 2019
Sale of services	2,81,68,709
Total	**2,81,68,709**

Timing of revenue recognition

Particulars	For the period from June 14, 2019 to December 31, 2019
Services provided over a period of time	2,81,68,709
Services provided at a point in time	-
Total revenue from contracts with customers	**2,81,68,709**

16 OTHER INCOME

Particulars	For the period from June 14, 2019 to December 31, 2019
Royalty fee	6,03,350
Interest income	2,779
Dividend	22,48,960
Total	**28,55,089**

17 EMPLOYEE BENEFITS EXPENSE

Particulars	For the period from June 14, 2019 to December 31, 2019
Salaries, wages and bonus	1,58,12,392
Employee stock option compensation cost in respect of Share based payment of Holding Company	6,34,889
Total	**1,64,47,281**

18 FINANCE COSTS

Particulars	For the period from June 14, 2019 to December 31, 2019
Interest expense	16,218
Total	**16,218**

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MOBIQUITY INC.
NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amount in USD unless otherwise stated)

19 DEPRECIATION EXPENSES

Particulars	For the period from June 14, 2019 to December 31, 2019
Depreciation on Property, Plant and Equipment	1,54,050
Total	**1,54,050**

20 IMPAIRMENT ON FINANCIAL ASSET

Particulars	For the period from June 14, 2019 to December 31, 2019
Allowances for expected credit loss	1,65,000
Total	**1,65,000**

21 OTHER EXPENSES

Particulars	For the period from June 14, 2019 to December 31, 2019
Rent	6,26,115
Communication expenses	80,601
Travelling and conveyance	7,52,236
Professional fees	4,88,811
Insurance Charges	62,430
Marketing and advertising expenditure	2,91,505
Recruiting Expense	1,29,845
Foreign Exchange loss	6,809
Miscellaneous expenses	3,39,967
Total	**27,78,319**

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22 EARNING PER SHARE (EPS)

Particulars	For the period from June 14, 2019 to December 31, 2019
Profit attributable to equity holders	58,59,107
Weighted average number of Ordinary Shares for basic and diluted EPS	10,000
Basic and Diluted Earnings per share of face value USD 0.001 per share	585.91

23 LEASES

Company has entered into non cancellable commercial lease agreements in respect of corporate offices. The lease term ranges between 1 to 7 years.

Rent expenses relating operating leases agreements:

Particulars	For the period from June 14, 2019 to December 31, 2019
Rentals expenses relating to operating lease agreements recognised in the Statement of Profit and Loss	6,26,115

The future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

Particulars	As at December 31, 2019
Within one year	9,26,330
After one year but not more than five years	22,33,000
More than five years	-

24 CONTINGENT LIABILITY AND COMMITMENTS

There is no contingent liability or commitments as on December 31, 2019.

25 RELATED PARTY DISCLOSURES

(a) Names of the related parties where control exists irrespective of whether transactions have occurred

Name of Related Party	Nature of Relationship
Hexaware Technologies Limited, India	Holding company
Morgan Clark & Co., B.V., Netherlands	Stepdown Subsidiary
Mobiquity B.V., Netherlands	Stepdown Subsidiary
Mobiquity Velocity Solutions Inc., USA	Subsidiary
Mobiquity Softech Private Limited, India	Fellow subsidiary

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NOTES FORMING PART OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019
(Amount in USD unless otherwise stated)

(b) Details of transactions with related party in the ordinary course of business for the period:

Particulars	For the period from June 14, 2019 to December 31, 2019
Software and development expenses	
Mobiquity B.V.	
Income for the period	17,57,267
Expenses for the period	(23,46,893)
	5,89,626
Share based payment expenses (Refer note 17)	
Hexaware Technologies Limited	6,34,889
Dividend income (Refer note 16)	
Mobiquity B.V.	22,48,960
Distribution to Holding company (Refer Note 10)	
Hexaware Technologies Limited	55,92,817

c) Outstanding balances

	As at December 31, 2019
Other Financial Assets (Refer note 7)	
Receivable from Holding company	
Hexaware Technologies Limited	48,50,000
Receivables from other parties	
Mobiquity B.V.	10,74,268
Mobiquity Velocity Solutions Inc., USA	25,27,082
	36,01,350
Other Financial Liabilities (Refer Note 12)	
Payable to Related Parties	
Morgan Clark & Co. B.V.	6,65,652
Hexaware Technologies Limited	6,72,389
	13,38,041

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26 SEGMENT INFORMATION

a) The Company is primarily engaged in development of mobile applications which is considered as the only reportable business segment. The Chief operating decision maker monitors the operating results of its mobile application development business as a whole for the purpose of making decisions about resource allocation and performance assessment. Hence no separate segment information has been furnished.

b) Analysis of the Company's revenue by geographical region is as follows:

Particulars	For the period from June 14, 2019 to December 31, 2019	
	Amount	%
USA	2,81,68,709	100%
Rest of the world	-	-

Non-current asset

Particulars	As at December 31, 2019	
	Amount	%
USA	5,29,857	100%
Rest of the world	-	-

c) Segment revenue with major customers :

During the period ending December 31, 2019, USD 1,29,01,603 of the Company's revenues, each individually exceeding 10% for development of mobile applications segment was generated from two customers.

27 CATEGORIES OF FINANCIAL INSTRUMENTS

Particulars	As at December 31, 2019
A) Financial assets	
Non-Current	
Measured at amortised cost	
Other financial assets	4,30,503
Sub-Total	**4,30,503**
Current	
Measured at amortised cost	
Trade receivables	67,15,312
Contract assets	5,88,122
Cash and Cash equivalents	31,03,367
Other financial assets	84,51,350
Sub-Total	**1,88,58,151**
Total Financial Assets	**1,92,88,654**

Particulars	As at December 31, 2019
B) Financial liabilities	
Current	
Measured at amortised cost	
Trade Payables	10,12,497
Other financial liabilities	54,57,476
Sub-Total	**64,69,973**
Total Financial Liabilities	**64,69,973**

Carrying amount of cash and cash equivalents, trade receivables, contract asset, trade payables as well as other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of other financial assets and liabilities subsequently measured at amortised cost is not significant for the period presented.

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28 FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for determining the type and level of business risks that the company undertakes to achieve its corporate objectives. The board of directors is accountable for maintaining an effective control environment that reflects established risks appetite and business objectives.
The Board of director's policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered, and emerging best practices.
The company's activities expose it to the following risks: market risk, credit risk and liquidity risk.

a) **Market risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and currency risk.

Interest rate risk
The company is not exposed to interest rate risk as the company does not have borrowings and is financed by own capital or capital from parent company.

Foreign currency sensitivity
The Company is not exposed to foreign currency risk as transactions are mainly denominated in USD, which is its functional currency.

b) **Credit risk**
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

(i) Cash and cash equivalents
Credit risk from balances with banks/financial institutions is considered nil, since the counterparty is a reputable bank with high quality external credit rating. Based on assessment carried by the company, entire receivable under this category is classified as "Stage 1".

(ii) Trade receivables (including contract asset)
The company applies the Ind AS 109 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The company's trade receivable are having short credit period and historically majority of trade receivables are recovered within short span of time.

Entire trade receivable outstanding as at reporting period are assessed individually for recoverability and consequent specific provisioning. If there are indication where provision is required based on management assessment of significant increase in credit risk bases on assessment of each trade receivable, allowance for expected credit loss is provided to the extent not considered probable of recovery. Specific provision may be required due to any reasons such as credit deterioration, etc. Trade receivable under specific provision cases, are assessed individually.

i) The maximum exposure to credit risk is presented in the table below:

Particulars	As at December 31, 2019		
	Gross carrying amount	Credit loss allowance	Amortised cost
Trade receivables	82,20,168	(15,04,855)	67,15,313
Total	**82,20,168**	**(15,04,855)**	**67,15,313**

ii) Ageing Analysis of trade receivables:

Particulars	As at December 31, 2019			
	Not due	Due less than 180 days	Due more than 180 days	Total
Trade receivables	64,32,914	5,02,642	12,84,612	82,20,168
Less: Loss allowance	-	(2,20,243)	(12,84,612)	(15,04,855)
Total	**64,32,914**	**2,82,399**	-	**67,15,313**

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iii) Set out below is the movement in the allowance for expected credit losses of trade receivables:

Particulars	As at December 31, 2019
Balance at the beginning of the period	13,76,855
Provided for the period	1,65,000
Written off during the period	(37,000)
Balance at the end of the period	**15,04,855**

iii) Other financial assets

Other financial assets mainly includes security deposit, deposit with banks etc. Based on assessment carried by the company, entire receivable is under this category is classified as "Stage 1". There is no history of loss and credit risk from other financial assets. Therefore credit risk from remaining other financial assets is not material and hence considered nil.

c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

December 31, 2019	Less than 1 Year	1 to 5 years	More than 5 years	Total
Current liabilities				
Trade payables	10,12,497	-	-	10,12,497
Other financial liabilities	54,57,476	-	-	54,57,476

29 CAPITAL MANAGEMENT

Company's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in form of dividends, return of capital or issue of new shares.

30 GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in ordinary course of business.

31 INVESTMENT IN SUBSIDIARIES/STEP SUBSIDIARIES

Company has wholly-owned subsidiaries/step subsidiaries namely Mobiquity Velocity Solutions Inc. USA, Mobiquity Corporatief UA Mobiquity B.V. and Morgan Clark and Company, B.V. These subsidiaries/step-down subsidiaries were acquired by the Company from external parties between FY 2013 to 2015 for a consideration of USD 41,37,000 (discharged by issue of shares and cash) as detailed below:

Details of acquisitions	Amount
Mobiquity Velocity Solutions, USA	2,85,000
Mobiquity BV, Netherland	22,78,000
Morgan Clark & Company, BV, Netherland	15,74,000
Total	41,37,000

The Company has prepared only consolidated financial statement under US GAAP and in consolidation Goodwill was recorded for these acquisitions. However the standalone financial statements/trial balance of the Company does not reflect the consideration paid for acquisition of these subsidiaries.

To reflect substance of these acquisitions in Standalone Special Purpose Financial Statements, management has recorded investment in subsidiaries amounting to USD 41,37,000 with a corresponding credit to Additional-Paid-in-Capital as at December 31, 2018.

32 MATERIAL EVENTS AFTER BALANCE SHEET DATE

There is no significant event after reporting date which requires adjustment or disclosures to the financial statements.

33 FINANCIAL STATEMENT APPROVAL

These financials statements have been approved and authorised by the Board on February 10, 2020.

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