

Company Registration No. 199700887D

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

GENERAL INFORMATION

Directors

Amberin Ayaz Memon	(Appointed on 24.03.2015)
Amalesh Mishra	(Appointed on 24.03.2015)
John Ashok Harris	(Appointed on 24.03.2015)
Shanker Iyer	
Milind Gopalrao Kalurkar	(Resigned on 02.06.2015)
Venkat Ramanan Ramachandran	(Resigned on 24.03.2015)
Uday Kumar Reddy Chagari	(Resigned on 24.03.2015)

Company Secretary

Cheng Lian Siang

Registered Office

180 Cecil Street #11-02
Bangkok Bank Building
Singapore 069546

Independent Auditor

JBS Practice PAC

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the member together with the audited financial statements of Hexaware Technologies Asia Pacific Pte Ltd (the "Company") for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements of the Company 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 December 2015 and of its financial performance, changes in equity and cash flows for the financial year then ended; 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.

Directors

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

Amberin Ayaz Memon

Amalesh Mishra

John Ashok Harris

Shanker Iyer

Arrangement to enable directors to acquire shares and debentures

2. Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

3. According to the register of directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had any interests in the shares of the Company and its related corporations, except as detailed below:

	Holdings registered in		Holdings in which a	
	the name of director		director is deemed to have	
	As at	As at	As at	As at
	<u>01.01.2015</u>	<u>31.12.2015</u>	<u>01.01.2015</u>	<u>31.12.2015</u>
Hexaware Technologies Limited				
<u>Immediate Holding Company</u>				
<i>Ordinary shares</i>				
Milind Gopalrao Kalurkar	12,500	-	-	-

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

DIRECTORS' STATEMENT (...CONT'D)

Share options

1. There were no share options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

2. The independent auditor, Messrs JBS Practice PAC, Public Accountants and Chartered Accountants, Singapore, has expressed its willingness to accept re-appointment.

On behalf of the directors



Amalesh Mishra
Director



John Ashok Harris
Director

29 January 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**
(Incorporated in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD (the "Company") as set out on pages 6 to 37, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD (...CONT'D)**
(Incorporated in Singapore)

Report on the Financial Statements (...cont'd)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and of its financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

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.



JBS PRACTICE PAC
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

Singapore

29 January 2016

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> S\$	<u>2014</u> S\$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,652,629	723,914
Trade and other receivables	5	2,482,016	2,641,582
Amounts owing by holding company	6	322,930	2,473,815
Amounts owing by related companies	7	50,945	72,272
Prepayments	8	416,113	534,504
		<u>4,924,633</u>	<u>6,446,087</u>
Non-current assets			
Margin deposit	9	282,500	282,500
Property, plant and equipment	10	285,513	322,948
		<u>568,013</u>	<u>605,448</u>
Total assets		<u>5,492,646</u>	<u>7,051,535</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,769,573	2,952,425
Current income tax liabilities		-	6,554
Total liabilities		<u>1,769,573</u>	<u>2,958,979</u>
NET ASSETS		<u>3,723,073</u>	<u>4,092,556</u>
SHAREHOLDER'S EQUITY			
Share capital	12	500,000	500,000
Retained earnings		3,223,073	3,592,556
TOTAL EQUITY		<u>3,723,073</u>	<u>4,092,556</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> S\$	<u>2014</u> S\$
REVENUE			
Revenue	13	11,171,918	10,857,020
Other revenue	14	65,218	111,853
Total revenue		11,237,136	10,968,873
EXPENSES			
Software development and service costs	15	(10,364,491)	(10,142,656)
Depreciation of property, plant and equipment	10	(78,213)	(66,694)
Employee benefit expenses	16	(747,797)	(417,570)
Other operating expenses	17	(432,443)	(590,225)
Total expenses		(11,622,944)	(11,217,145)
Loss before income tax		(385,808)	(248,272)
Income tax benefit/(expense)	18	16,325	(16,395)
Net loss, representing total comprehensive loss for the financial year		(369,483)	(264,667)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<u>Share capital</u> S\$	<u>Retained earnings</u> S\$	<u>Total</u> S\$
<u>2015</u>			
Balance as at 1 January 2015	500,000	3,592,556	4,092,556
Net loss, representing total comprehensive loss for the financial year	-	(369,483)	(369,483)
Balance as at 31 December 2015	<u>500,000</u>	<u>3,223,073</u>	<u>3,723,073</u>
<u>2014</u>			
Balance as at 1 January 2014	500,000	3,857,223	4,357,223
Net loss, representing total comprehensive loss for the financial year	-	(264,667)	(264,667)
Balance as at 31 December 2014	<u>500,000</u>	<u>3,592,556</u>	<u>4,092,556</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> S\$	<u>2014</u> S\$
Cash Flows from Operating Activities			
Loss before income tax		(385,808)	(248,272)
Adjustments for:			
Allowance for impairment loss of trade receivables	17	-	21,887
Write-back of allowance for impairment loss of trade receivables	14	(1,676)	(97,283)
Depreciation of property, plant and equipment	10	78,213	66,694
Exchange difference		(85,984)	(17,579)
Bank interest income		(3,112)	-
Cash flows before changes in working capital		(398,367)	(274,553)
Working capital changes, excluding changes relating to cash:			
Trade and other receivables		161,242	(835,747)
Prepayments		118,391	(472,360)
Trade and other payables		(1,182,852)	1,390,229
Repayment from/(Advances to) holding company		2,150,885	(174,301)
Repayment from/(Advances to) related companies		21,327	(16,220)
Cash generated from/(used in) operations		870,626	(382,952)
Income tax refunded/(paid)		9,771	(25,453)
Bank interest received		3,112	-
Net cash generated from/(used in) operating activities		883,509	(408,405)
Cash Flow from Investing Activity			
Purchase of property, plant and equipment	10	(40,778)	(189,499)
Net cash used in investing activity		(40,778)	(189,499)
Net increase/(decrease) in cash and cash equivalents		842,731	(597,904)
Effect of exchange rate change on cash and cash equivalents		85,984	7,738
Cash and cash equivalents at the beginning of the year		723,914	1,314,080
Cash and cash equivalents at the end of the year	4	1,652,629	723,914

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Hexaware Technologies Asia Pacific Pte Ltd [the “Company”] (Company registration no. 199700887D) is incorporated and domiciled in Singapore. The Company’s registered office and principal place of business is at 180 Cecil Street #11-02, Bangkok Bank Building, Singapore 069546.

The principal activities of the Company are that of developing, designing and licensing of software products and the provision of information technology consultancy services. There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Company as at 31 December 2015 were authorised and approved by the directors for issuance on 29 January 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements, which are expressed in Singapore dollars, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

On 1 January 2016, date of incorporation, the Company has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are mandatory for application from that date. The adoption of these new and revised FRSs and INT FRSs have no material effect on the financial statements.

At the date of authorisation of these financial statements, the Company has not applied those FRSs and INT FRSs that have been issued but are effective only in future financial years. The Company expects that the adoption of the standards will have no material effect on the financial statements in the period of initial application.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

b) Currency translation

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Company are presented in Singapore dollars, which is the functional currency of the Company.

In preparing the financial statements of the Company, monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating to those ruling at the end of the reporting period and transactions in foreign currencies during the financial year are translated at rates ruling on transaction dates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include bank balances and short-term margin deposit which are subject to an insignificant risk of change in value.

d) Financial assets

(i) *Classification*

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “loans and receivables”, “held to maturity investments” and “available-for-sale” financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

d) Financial assets (...cont'd)

(i) *Classification (...cont'd)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of reporting date which are presented as non-current assets. Loans and receivables are presented as “cash and cash equivalents”, “trade and other receivables”, “amounts owing by holding company” and “amounts owing by related companies” on the statement of financial position.

Accrued receivable represents services rendered during the year but not billed. They will be billed subsequent to the end of the reporting period at the next billing.

(ii) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(iii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(iv) *Initial measurement*

Loans and receivables are initially recognised at fair value plus transaction costs.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

d) Financial assets (...cont'd)

(v) *Subsequent measurement*

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less allowance for impairment.

(vi) *Impairment*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence arises.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

e) Property, plant and equipment

(i) *Measurement*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

e) Property, plant and equipment (... cont'd)

(i) *Measurement (... cont'd)*

Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Computers	3 years
Furniture and fittings	8 years
Office equipment	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(iii) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any revaluation measures relating to the asset are transferred to other comprehensive income.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

f) Impairment of non-financial assets

Property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. An impairment loss for an asset is reversed if, and 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. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

g) Financial liabilities

Financial liabilities comprise of trade and other payables.

Financial liabilities are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled and expired.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

h) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

i) Operating leases

The Company leases office space under operating leases from non-related parties.

Leases of office space where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

k) Revenue recognition

Revenue is measured at the fair values of the consideration received or receivable and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria must also be met before revenue is recognised which is:

i) Software development and consultancy income

Revenue from software solutions and consulting services are recognised on specified terms of contract in case of contract on time basis and in case of fixed price contracts revenue is recognised using percentage of completion method of accounting. Stage of completion is determined by reference to the actual hours incurred by the consultant as a percentage of total estimated hours to be incurred to each contract. Provisions for estimated losses, if any, on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

k) Revenue recognition (...cont'd)

ii) Sale of license

Revenue from software licenses is recognised upon execution of a contract and completion of delivery obligations, provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable.

iii) Deferred revenue

Deferred revenue represents part of the contractually due sum that is billed in advance for services to be performed on a milestone completion basis.

l) Government grants

Productivity and Innovation Credit Scheme Bonus ("PIC Bonus") and PIC Cash Payout

Cash grants received by from the government are recognised as income when there is reasonable assurance that the grant will be received.

m) Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when it affects neither the taxable profit nor the accounting profit at the time of the transaction.

A deferred income tax liability is recognised for all taxable temporary differences arising on property, plant and equipment, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

m) Income tax (...cont'd)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

n) Employee benefits

Employee benefits are recognised as an expense.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made of the estimated liability for leave as a result of services rendered by employees up to the end of reporting period.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (...CONT'D)

o) Related parties

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Company if that person:
 - (a) Has control or joint control over the Company;
 - (b) Has significant influence over the Company; or
 - (c) Is a member of the key management personnel of the Company or of a parent of the Company.
- (ii) An entity is related to the Company if any of the following conditions applies:
 - (a) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (f) The entity is controlled or jointly controlled by a person identified in (a);
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The presentation of financial statements in conforming with FRS requires the use of certain critical accounting estimates and judgements in applying the accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the critical accounting estimates, assumptions and judgements for preparation of financial statements:

(a) Critical judgements in applying the entity's accounting policies

In the process of applying the Company's accounting policies which are described in Note 2 above, management is of the opinion that there are no critical judgements involved, apart from those involving estimations that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i) Depreciation of property, plant and equipment

The Company depreciates property, plant and equipment using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's property, plant and equipment. The residual values reflect management's estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. The carrying amounts of the Company's property, plant and equipment as at the end of the reporting period were disclosed in Note 10 to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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**3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS
(...CONT'D)**

(b) Key sources of estimation uncertainty (...cont'd)

ii) Income taxes

The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. At 31 December 2015, the carrying amounts of the Company's current income tax payable are disclosed in the statement of financial position.

iii) Impairment of trade and other receivables

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Company's trade and other receivables at the end of the reporting period are disclosed in Note 5 to the financial statements, respectively.

4. CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Cash at bank	1,612,711	723,914
Margin deposit	39,918	-
	<u>1,652,629</u>	<u>723,914</u>

The margin deposit with financial institution against performance guarantee issued in favour of the Company's customer bears 0.15% interest per annum and has a maturity within 1 year period.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	<u>2015</u> S\$	<u>2014</u> S\$
Singapore dollars	315,653	487,190
United States dollars	1,336,976	236,724
	<u>1,652,629</u>	<u>723,914</u>

5. TRADE AND OTHER RECEIVABLES

	<u>2015</u> S\$	<u>2014</u> S\$
Trade receivables – third parties	2,611,726	2,062,597
Advance billings – third parties	-	610,714
Accrued receivables – third parties [Note 2 (d) (i)]	6,419	55,632
	<u>2,618,145</u>	<u>2,728,943</u>
Less: Allowance for impairment loss	(211,423)	(176,884)
	<u>2,406,722</u>	<u>2,552,059</u>
<u>Other receivables</u>		
Refundable deposit	56,775	53,665
Staff advances	18,519	35,858
	<u>75,294</u>	<u>89,523</u>
Total	<u>2,482,016</u>	<u>2,641,582</u>

Trade receivables are recognised at their original invoiced amounts and accrued receivables recognised at their original contracted amounts based on milestone completion which represent their fair values on initial recognition.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

5. TRADE AND OTHER RECEIVABLES (... CONT'D)

	<u>2015</u> S\$	<u>2014</u> S\$
<u>Allowance for impairment loss</u>		
Balance as at beginning of the year	176,884	252,280
Current year allowance for impairment loss against trade receivables	36,215	-
Prior year allowance for impairment loss through profit or loss (Note 17)	-	21,887
Write-back of allowance for impairment loss (Note 14)	<u>(1,676)</u>	<u>(97,283)</u>
Balance as at end of the year	<u>211,423</u>	<u>176,884</u>

Trade and other receivables are denominated in the following currencies:

	<u>2015</u> S\$	<u>2014</u> S\$
Euro	171,325	214,173
Hong Kong dollars	63,171	-
United States dollars	1,485,024	1,404,950
Singapore dollars	<u>762,496</u>	<u>1,022,459</u>
	<u>2,482,016</u>	<u>2,641,582</u>

6. AMOUNTS OWING BY HOLDING COMPANY

The amounts owing by holding company are non-trade, unsecured, interest-free and are repayable within the next twelve months.

Amounts owing by holding company are denominated in Singapore dollars.

7. AMOUNTS OWING BY RELATED COMPANIES

The amounts owing by related companies are non-trade, unsecured, interest-free and are repayable within the next twelve months.

Amounts owing by related companies are denominated in the following currencies:

	<u>2015</u> S\$	<u>2014</u> S\$
Singapore dollars	55,227	81,306
Sterling pounds	(1,135)	-
United States dollars	<u>(3,147)</u>	<u>(9,034)</u>
	<u>50,945</u>	<u>72,272</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

8. PREPAYMENTS

Prepayments mainly refers to advance payments to third parties as to licence cost which will be amortised over the recognition of sale of license fee.

9. MARGIN DEPOSIT

This represents margin deposit with financial institution against performance guarantee issued in favour of the Company's customer.

The margin deposit bears 0.55% interest per annum and has a maturity of not later than 3 years with a maximum term of 7 years from 2013.

Margin deposit is denominated in Singapore dollars.

10. PROPERTY, PLANT AND EQUIPMENT

	<u>Computers</u> S\$	<u>Furniture and fittings</u> S\$	<u>Office equipment</u> S\$	<u>Total</u> S\$
2015				
Cost				
At 1 January 2015	31,120	158,178	227,949	417,247
Additions during the year	<u>29,304</u>	<u>-</u>	<u>11,474</u>	<u>40,778</u>
At 31 December 2015	<u>60,424</u>	<u>158,178</u>	<u>239,423</u>	<u>458,025</u>
Accumulated depreciation				
At 1 January 2015	15,176	30,709	48,414	94,299
Charge for the year	<u>12,301</u>	<u>19,437</u>	<u>46,475</u>	<u>78,213</u>
At 31 December 2015	<u>27,477</u>	<u>50,146</u>	<u>94,889</u>	<u>172,512</u>
Carrying amount				
At 31 December 2015	<u>32,947</u>	<u>108,032</u>	<u>144,534</u>	<u>285,513</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

10. PROPERTY, PLANT AND EQUIPMENT (...CONT'D)

	<u>Computers</u> S\$	<u>Furniture and fittings</u> S\$	<u>Office equipment</u> S\$	<u>Total</u> S\$
2014				
Cost				
At 1 January 2014	16,357	157,203	54,188	227,748
Additions during the year	<u>14,763</u>	<u>975</u>	<u>173,761</u>	<u>189,499</u>
At 31 December 2014	<u>31,120</u>	<u>158,178</u>	<u>227,949</u>	<u>417,247</u>
Accumulated depreciation				
At 1 January 2014	9,753	11,050	6,802	27,605
Charge for the year	<u>5,423</u>	<u>19,659</u>	<u>41,612</u>	<u>66,694</u>
At 31 December 2014	<u>15,176</u>	<u>30,709</u>	<u>48,414</u>	<u>94,299</u>
Carrying amount				
At 31 December 2014	<u>15,944</u>	<u>127,469</u>	<u>179,535</u>	<u>322,948</u>

11. TRADE AND OTHER PAYABLES

	<u>2015</u> S\$	<u>2014</u> S\$
Trade payables - third parties	388,660	162,630
- holding company	556,592	1,770,671
Deferred revenue - third parties [Note 2 (k) (iii)]	457,909	610,714
GST payable	<u>116,744</u>	<u>147,971</u>
	<u>1,519,905</u>	<u>2,691,986</u>
Accruals for employee benefit expenses	195,878	200,824
Accruals for other operating expenses	28,994	28,786
Other creditors	<u>24,796</u>	<u>30,829</u>
	<u>249,668</u>	<u>260,439</u>
Total	<u>1,769,573</u>	<u>2,952,425</u>

Trade payables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

11. TRADE AND OTHER PAYABLES

Trade and other payables are denominated in the following currencies:

	<u>2015</u> S\$	<u>2014</u> S\$
Hong Kong dollars	12,512	16,644
United States dollars	210,821	229,044
Singapore dollars	1,546,240	2,706,737
	<u>1,769,573</u>	<u>2,952,425</u>

12. SHARE CAPITAL

	<u>2015</u> Number of issued ordinary shares	<u>2014</u> Number of issued ordinary shares	<u>2015</u> S\$	<u>2014</u> S\$
At the beginning and end of the year	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13. REVENUE

	<u>2015</u> S\$	<u>2014</u> S\$
Software development and consultancy income	10,322,654	10,103,438
Sale of license and related income	849,264	753,582
	<u>11,171,918</u>	<u>10,857,020</u>

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14. OTHER REVENUE

	<u>2015</u> S\$	<u>2014</u> S\$
Bank interest received	3,112	-
PIC cash payout	60,430	-
PIC Bonus	-	14,570
Write-back of allowance for impairment loss on trade receivables (Note 5)	1,676	97,283
	<u>65,218</u>	<u>111,853</u>

15. SOFTWARE DEVELOPMENT AND SERVICE COSTS

	<u>2015</u> S\$	<u>2014</u> S\$
Software development expenses	6,631,960	6,212,993
Travelling and relocation expenses	139,669	117,663
Licence cost	292,216	729,607
Consultants expenses	3,300,646	3,070,622
Others	-	11,771
	<u>10,364,491</u>	<u>10,142,656</u>

16. EMPLOYEE BENEFIT EXPENSES

	<u>2015</u> S\$	<u>2014</u> S\$
Director's remuneration	135,000	-
Staff benefits, bonus and salaries	594,976	407,250
CPF contributions	15,415	9,742
Medical benefits	2,406	578
	<u>747,797</u>	<u>417,570</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

17. OTHER OPERATING EXPENSES

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Allowance for impairment loss on trade receivables (Note 5)	-	21,887
Business promotion	109,011	153,610
Exchange (gain)/loss	(86,924)	3,317
Insurance	31,632	36,627
Legal and professional fees	42,277	42,669
Office rental - operating lease	133,705	124,860
Telephone and fax	36,268	49,421
Travelling expenses	69,745	59,384
Others	96,729	98,450
	<u>432,443</u>	<u>590,225</u>

18. INCOME TAX (BENEFIT)/EXPENSE

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Current income tax		
- Current year provision	-	6,553
- Over provision in prior years	(15,453)	(2,043)
Foreign tax	(872)	11,885
	<u>(16,325)</u>	<u>16,395</u>

A reconciliation between tax (benefit)/expense and the product of accounting loss multiplied by the applicable corporate tax rate of 17% (2014: 17%) for the financial years ended 31 December 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Loss before income tax	<u>(385,808)</u>	<u>(248,272)</u>
Income tax benefit at applicable rate	(65,587)	(42,206)
Non-deductible items	27,682	12,814
Utilisation of prior year unutilised loss as carry-back relief	(17,000)	-
Deferred tax asset not recognised	56,089	29,392
Over provision in prior years	(15,453)	(2,043)
Foreign tax paid	(872)	11,885
Others	(1,184)	6,553
	<u>(16,325)</u>	<u>16,395</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

18. INCOME TAX (BENEFIT)/EXPENSE (...CONT'D)

The Company has unabsorbed tax losses approximately amounting to S\$329,000 (2014: S\$106,000), which are available for offsetting against future taxable income of the Company subject to there being no substantial change in the shareholders of the Company and their shareholding within the meaning of the Section 37 of the Singapore Income Tax Act and agreement by the Inland Revenue Authority of Singapore.

Future tax benefits arising from tax losses have not been recognised since there is no reasonable certainty of their recovery in future years.

19. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Company has the following commitments in respect of non-cancellable operating leases:

	<u>2015</u> S\$	<u>2014</u> S\$
Due within one year	114,166	103,415
Due within two to five years	-	22,800
	<u>114,166</u>	<u>126,215</u>

Operating lease commitments represents rental payable by the Company for office premises and consultants' apartment house.

The leases have varying terms and renewal rights. Leases are negotiated for an average term of 1 year to 2 years with an option to renew the lease after that date but no purchase options and escalation clauses.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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20. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Company had transactions with the related party on terms agreed between them with respect to the following during the financial year.

	<u>2015</u> S\$	<u>2014</u> S\$
Software development expenses payable to holding company	5,772,052	5,956,688
Purchase property, plant and equipment from a related company	3,147	-
Reimbursement of expenses to holding company	352,450	375,722
Reimbursement of expenses to related companies	176,504	244,936
Reimbursement of expenses from holding company	7,729	147,235
Reimbursement of expenses from related companies	<u>780,718</u>	<u>988,671</u>

(b) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company's key management personnel are comprised of a director and heads of departments of the Company.

Compensation of directors and key management personnel

The remuneration paid to directors during the financial year is as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Short-term benefits	<u>135,000</u>	<u>-</u>

There are no other key management personnel other than the director of the Company.

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21. ULTIMATE AND IMMEDIATE HOLDING COMPANY

The Company's ultimate and immediate holding company are as follows:-

<u>Company name</u>	<u>Place of incorporation</u>
Ultimate holding company and its subsidiaries	
Baring Private Equity Asia GP V. LP	Cayman Island
The Baring Asia Private Equity Fund V, LP	Cayman Island
Baring Private Equity Asia V Mauritius Holding (4) Limited	Mauritius
Parel Investment Holdings Limited	Mauritius
Immediate holding company of Hexaware Technologies Limited	
HT Global IT Solutions Holdings Limited	Mauritius
Immediate holding company	
Hexaware Technologies Limited	India

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

(a) Market risk

(i) Foreign currency risk

The Company incurs foreign currency risk on transactions that are denominated in currency other than Singapore dollars such as the United States dollars, Euro and Hong Kong dollars. The Company does not use any hedging instruments to protect against the volatility associated with foreign currency purchases and other assets and liabilities created in the normal course of business.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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22. FINANCIAL RISK MANAGEMENT (...CONT'D)

(a) Market risk (...cont'd)

(i) Foreign currency risk (...cont'd)

The Company's significant currency exposure to the United States dollars based on the information provided to key management is as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Financial assets		
Cash and cash equivalents	1,336,976	236,724
Trade and other receivables	1,485,024	1,404,950
	<u>2,822,000</u>	<u>1,641,674</u>
Financial liabilities		
Trade and other payables	(210,821)	(229,044)
Amounts owing to related companies	(3,147)	(9,034)
	<u>(213,968)</u>	<u>(238,078)</u>
 Net currency exposure on financial assets	 <u>2,608,032</u>	 <u>1,403,596</u>

If the United States dollar had strengthened/weakened by 7% (2014: 5%) against the Singapore dollar with all other variables including tax rate being held constant, the Company's net profit for the financial year would have been higher/lower by approximately S\$182,500 (2014: S\$70,000) as a result of currency translation gains/losses on the remaining United States dollar denominated financial assets and liabilities.

(ii) Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits, trade and other receivables and amounts owing by holding company. For banks, deposits are placed with regulated banks. For credit exposures to customer, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (...CONT'D)

22. FINANCIAL RISK MANAGEMENT (...CONT'D)

(b) Credit risk (...cont'd)

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The carrying amount of trade receivables and amount owing by holding company and related companies represents the Company's maximum exposure to credit risk.

The trade receivables of the Company comprise of 2 major debtors (2014: 2 debtors) that collectively represent 60% (2014: 52%) of trade receivables.

Other significant concentrations of credit risk relate to amount owing by holding company and related companies amounting to S\$322,929 (2014: S\$2,473,815) and S\$50,945 (2014: S\$72,272), respectively.

The credit risk for trade receivables based on information provided by key management is as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
<u>By geographical areas</u>		
Hong Kong	607,443	75,089
India	-	30,439
Malaysia	-	16,037
Thailand	-	3,985
Singapore	1,799,280	2,426,509
	2,406,722	2,552,059

Amounts owing by holding company are concentrated in India.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

The Company's trade receivables not past due include receivables amounting to S\$1,315,926 (2014: S\$1,394,101).

The Company's amounts owing by holding company and amounts owing by related companies not past due and/or impaired include receivables amounting to S\$322,930 and S\$50,945 (2014: S\$2,473,815 and S\$72,272).

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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22. FINANCIAL RISK MANAGEMENT (...CONT'D)

(b) Credit risk (...cont'd)

(ii) Financial assets that are past due and/or impaired (...cont'd)

The ageing analysis of the trade receivables of the Company that are past due but not impaired is as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Due less than 30 days	642,217	417,757
Due from 30 to 90 days	350,552	312,328
Due more than 90 days	98,027	427,873
	<u>1,090,796</u>	<u>1,157,958</u>

The carrying amount of trade receivables individually determined to be impaired are as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Past due more than 90 days	211,423	176,884
Less: Allowance for impairment loss	<u>(211,423)</u>	<u>(176,884)</u>
	<u>-</u>	<u>-</u>

The impaired trade receivables arise mainly from sales to a customer with default and significant delay in payments.

(c) Liquidity risk

The Company manages its liquidity risk mainly through funds generated from operations. The Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
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22. FINANCIAL RISK MANAGEMENT (...CONT'D)

(c) Liquidity risk (...cont'd)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity grouping based on the remaining period from the end of each reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<u>2015</u> S\$	<u>2014</u> S\$
<u>Less than 1 year</u>		
Trade and other payables	1,311,664	2,341,711

(d) Fair value measurement

The carrying amounts of cash and cash equivalents, margin deposit, trade and other receivables, amounts owing by holding company, amounts owing by related companies, trade and other payables approximate their fair values due to their short-term nature.

(e) Categories of financial instruments

The following table sets out the Company's financial instruments as at the end of the reporting period:

	<u>2015</u> S\$	<u>2014</u> S\$
Financial assets		
Loans and receivables:		
Cash and cash equivalents	1,652,629	723,914
Trade and other receivables	2,482,016	2,641,582
Amounts owing by holding company	322,930	2,473,815
Amounts owing by related companies	50,945	72,272
Margin deposit	282,500	282,500
Financial liabilities		
Amortised cost:		
Trade and other payables	1,311,664	2,341,711

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

23. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value. The capital structure of the Company consists of company issued capital and retained earnings. The Company has no external borrowings. Management sets the amount of capital in proportion to risk.

In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Company is not subject to externally imposed capital requirements and the Company's overall strategies remained unchanged for the financial years ended 31 December 2015 and 2014.

24. COMPARATIVE FIGURES AND RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

The items reclassified were as follows:

	Previously <u>reported</u> <u>2014</u> S\$	After <u>reclassification</u> <u>2014</u> S\$
<u>Statement of Financial Position</u>		
Trade and other receivables	-	2,641,582
Trade receivables	2,552,059	-
Other receivables	89,523	-
Trade and other payables	-	2,952,425
Trade payables	2,691,986	-
Other payables	260,439	-
<u>Statement of Cash Flows</u>		
<u>Cash Flows from Operating Activities</u>		
Trade and other receivables	-	(835,747)
Trade receivables	(839,218)	-
Other receivables	3,471	-
Trade and other payables	-	1,390,229
Trade payables	1,406,900	-
Other payables	(16,671)	-

The above reclassification did not have any significant impact on the statement of financial position, as at 1 January 2014, and as such no third statement of financial position as 1 January 2014 has been presented.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015 (...CONT'D)**

25. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Company were issued but not effective:

Description	Effective for annual period beginning on or after
Improvements to FRS 2015 (November 2015) -FRS 107: Financial Instruments-Disclosure	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 1: Disclosure initiative	1 January 2016
FRS 115: Revenue from Contracts with Customers	1 January 2017
FRS 109: Financial instruments	1 January 2018

The Company has not adopted those FRSs and INT FRSs that have been issued but are effective only in future financial years. The director expects that the adoption of the standards will have no material effect on the financial statements in the period of initial application.

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
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**THE ACCOMPANYING SCHEDULES OF EMPLOYEE BENEFIT EXPENSES
AND OTHER OPERATING EXPENSES HAVE BEEN PREPARED FOR
MANAGEMENT PURPOSES ONLY AND DO NOT FORM PART OF THE
AUDITED FINANCIAL STATEMENTS**

HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD
(Incorporated in Singapore)

**SCHEDULES OF EMPLOYEE BENEFIT EXPENSES
AND OTHER OPERATING EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<u>2015</u>	<u>2014</u>
	S\$	S\$
<u>EMPLOYEE BENEFIT EXPENSES</u>		
Director's remuneration	135,000	-
Staff benefits, bonus and salaries	594,976	407,250
CPF contributions	15,415	9,742
Medical benefits	2,406	578
	<u>747,797</u>	<u>417,570</u>
<u>OTHER OPERATING EXPENSES</u>		
Auditor's remuneration	10,500	10,000
Allowance for impairment loss on trade receivables	-	21,887
Bank charges	12,739	14,873
Business promotion	109,011	153,610
Entertainment	29,297	33,964
Foreign currency exchange (gain)/loss	(86,924)	3,317
Insurance	31,632	36,627
Internet charges	2,524	2,783
Legal and professional fees	42,277	42,669
Membership and subscription	300	300
Office rental - operating lease	133,705	124,860
Other administration expenses	12,484	12,550
Postage and courier charges	1,707	1,474
Printing and stationery	18,445	14,032
Telephone and fax	36,268	49,421
Transportation	2,078	2,603
Travelling expenses	69,745	59,384
Utilities	6,655	5,871
	<u>432,443</u>	<u>590,225</u>

The above schedules of employee benefit expenses and other operating expenses provide additional information and do not form part of the audited financial statements.