

Company Registration No. 199700887D

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

**CONTENTS**

	<u>Page(s)</u>
General Information	1
Directors' Statement	2 - 3
Independent Auditor's Report	4 - 6
Statement of Financial Position	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 50

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**GENERAL INFORMATION**

**Directors**

Amberin Ayaz Memon  
Amalesh Mishra  
John Ashok Harris  
Shanker Iyer

**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 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 2018.

**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 2018 and of its financial performance, changes in equity and cash flows of the Company 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**

The directors of the Company in office at the date of this statement are as follows:

Amberin Ayaz Memon  
Amalesh Mishra  
John Ashok Harris  
Shanker Iyer

**ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

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**

According to the register of directors' shareholdings kept by the Company under 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 shares and debentures of the Company and its related corporations.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**DIRECTORS' STATEMENT (...CONT'D)**

**SHARE OPTIONS**

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**

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 Board of Directors



---

Amberin Ayaz Memon  
Director



---

John Ashok Harris  
Director

23 January 2019

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD (the "Company") as set out on pages 7 to 50, which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance, changes in equity and cash flows of the Company for the year ended on that date.

### *Basis for Opinion*

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

### *Other Information*

Management is responsible for the other information. The other information comprises the General Information set out on page 1, the Directors' Statement set out on pages 2 to 3 and the accompanying Schedules of Employee Benefit Expenses and Other Operating Expenses.

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

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

## Report on the Audit of the Financial Statements (...Cont'd)

### *Responsibilities of Management and Directors for the Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Report on the Audit of the Financial Statements (...Cont'd)**

*Auditor's Responsibilities for the Audit of the Financial Statements (...Cont'd)*

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

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

**Report on Other Legal and Regulatory Requirements**

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

*JBS Practice PAC*

---

JBS PRACTICE PAC  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS

Singapore

23 January 2019



**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	<u>Note</u>	<u>2018</u> S\$	<u>2017</u> S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	10,677,033	4,895,475
Trade and other receivables	5	7,571,914	7,668,570
Amounts owing by related companies	7	56,679	11,400
Prepayments	8	82,169	235,940
		<u>18,387,795</u>	<u>12,811,385</u>
<b>Non-current assets</b>			
Margin deposits	9	408,444	408,444
Investment in associate	10	360,500	360,500
Financial assets, available-for-sale	11(a)	-	18,187
Financial assets, at FVOCI	11(b)	18,187	-
Property, plant and equipment	12	154,370	271,316
		<u>941,501</u>	<u>1,058,447</u>
<b>Total assets</b>		<u>19,329,296</u>	<u>13,869,832</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	3,064,016	3,829,850
Amount owing to the holding company	6	-	7,337
Income tax payables		1,414,062	960,000
<b>Total liabilities</b>		<u>4,478,078</u>	<u>4,797,187</u>
<b>NET ASSETS</b>		<u>14,851,218</u>	<u>9,072,645</u>
<b>SHAREHOLDERS'S EQUITY</b>			
Share capital	14	500,000	500,000
Retained earnings		14,351,218	8,572,645
<b>TOTAL EQUITY</b>		<u>14,851,218</u>	<u>9,072,645</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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<u>Note</u>	<u>2018</u> S\$	<u>2017</u> S\$
<b>REVENUE</b>			
Revenue	15	25,309,898	24,718,215
Other income	16	551,309	82,861
<b>Total revenue</b>		<u>25,861,207</u>	<u>24,801,076</u>
<b>EXPENSES</b>			
Software development and service costs	17	(16,475,529)	(14,674,071)
Depreciation of property, plant and equipment	12	(131,366)	(139,344)
Employee benefits expense	18	(977,565)	(753,113)
Other operating expenses	19	(1,210,897)	(1,662,555)
<b>Total expenses</b>		<u>(18,795,357)</u>	<u>(17,229,083)</u>
<b>Profit before income tax</b>		7,065,850	7,571,993
<b>Income tax expense</b>	20	<u>(1,287,277)</u>	<u>(960,000)</u>
<b>Net profit, representing total comprehensive income for the financial year</b>		<u>5,778,573</u>	<u>6,611,993</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 CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<u>Share capital</u> S\$	<u>Retained earnings</u> S\$	<u>Total</u> S\$
<b><u>2018</u></b>			
At 1 January 2018	500,000	8,572,645	9,072,645
Net profit, representing total comprehensive income for the financial year	-	<u>5,778,573</u>	<u>5,778,573</u>
At 31 December 2018	<u>500,000</u>	<u>14,351,218</u>	<u>14,851,218</u>
<b><u>2017</u></b>			
At 1 January 2017	500,000	1,960,652	2,460,652
Net profit, representing total comprehensive income for the financial year	-	<u>6,611,993</u>	<u>6,611,993</u>
At 31 December 2017	<u>500,000</u>	<u>8,572,645</u>	<u>9,072,645</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 2018**

	<u>Note</u>	<u>2018</u> S\$	<u>2017</u> S\$
<b>Cash flows from operating activities</b>			
Profit before income tax		7,065,850	7,571,993
<b>Adjustments for:</b>			
(Write-back of)/allowance for impairment loss of trade receivables	5	(534,837)	593,387
Bad debt written-off	19	195,426	-
Depreciation of property, plant and equipment	12	131,367	139,344
Exchange difference		-	288,319
Bank interest income	16	-	(3,252)
<b>Operating cash flow before working capital changes</b>		<u>6,857,806</u>	<u>8,589,791</u>
Working capital changes, excluding changes relating to cash:			
Trade and other receivables		589,838	(5,265,565)
Trade and other payables		<u>(765,834)</u>	<u>945,476</u>
<b>Cash generated from operations</b>		6,681,810	4,269,702
Bank interest received	16	-	3,252
Tax paid		<u>(833,216)</u>	<u>-</u>
<b>Net cash generated from operating activities</b>		<u>5,848,594</u>	<u>4,272,954</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	12	(14,420)	(180,756)
Investment in associated company		-	-
Investment in financial assets, available-for-sale	11(a)	18,187	(18,187)
Investment in financial assets, at FVOCI	11(b)	<u>(18,187)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(14,420)</u>	<u>(198,943)</u>
<b>Cash flows from financing activities</b>			
Placement of margin deposit		-	(125,944)
Changes in amount owing by/(to) the holding company		(7,337)	28,868
Changes in amounts owing by related companies		<u>(45,279)</u>	<u>37,982</u>
<b>Net cash used in financing activities</b>		<u>(52,616)</u>	<u>(59,094)</u>
<b>Net increase in cash &amp; cash equivalents</b>		5,781,558	4,014,917
Effects of currency translation on cash and cash equivalents		-	(288,319)
Cash and cash equivalents at the beginning of financial year		<u>4,895,475</u>	<u>1,168,877</u>
<b>Cash and cash equivalents at the end of financial year</b>		<u>10,677,033</u>	<u>4,895,475</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)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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 2018 were authorised and approved by the directors for issuance on 23 January 2019.

**2. SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of preparation

The 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.

In the current financial year, 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.

The Company is exempted from applying equity method of accounting in accordance with FRS 28 “Investment in Associates and Joint Ventures”, as the holding company Hexaware Technologies Limited, a company incorporated in India, produces consolidated financial statements available for public use and has applied equity method of accounting on the associate at its level.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

a) Basis of preparation (...cont'd)

Interpretations and amendments to published standards effective in 2018

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

i) *Adoption of FRS 109 Financial Instruments*

The Company has adopted the new standard retrospectively from 1 January 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2017 are not restated and the Company has recognised any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.e.

The effects on adoption of FRS 109 are as follows:

	Note	Financial assets, available- for-sale (AFS) S\$	Financial assets, at FVOCI (FVOCI) S\$
Balances at 31 December 2017 before adoption of FRS 109		18,187	-
Reclassifying investment from AFS to FVOCI	(a)	<u>(18,187)</u>	<u>18,187</u>
Balances at 1 January 2018 after adoption of FRS 109		<u>-</u>	<u>18,187</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

a) Basis of preparation (...cont'd)

i) *Adoption of FRS 109 Financial Instruments (...cont'd)*

(a) Equity investments reclassified from AFS to FVOCI

The Company has elected to recognise changes in fair values of all its equity investments not held for trading and previously classified as AFS, in other comprehensive income. As a result, "Financial assets, available-for-sale" of S\$18,187 were reclassified to "Financial assets, at FVOCI" on 1 January 2018.

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) Investment in associated company

An associate company is an entity over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

c) Investment in associated company (...cont'd)

*(i) Initial recognition*

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Company's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

*(ii) Equity method of accounting*

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Company's share of its associated company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company is recognised as a reduction of the carrying amount of the investment. When the Company's share of losses in an associated company equals to or exceeds its interest in the associated company, the Company does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

*(iii) Disposal*

Investment in associated company is derecognised when the Company loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.



**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

d) 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.

e) Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

*(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.

*(a) 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” and “amounts owing by related companies” on the statement of financial position.

Accrued receivables 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.

*(b) Financial assets, available-for-sales*

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

e) Financial assets (...Cont'd)

*(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.

*(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.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

e) Financial assets (...Cont'd)

*(vi) Impairment (...Cont'd)*

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.

The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

*(vii) Classification and measurement*

The Company classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

e) Financial assets (...Cont'd)

*(vii) Classification and measurement (...Cont'd)*

At initial recognition

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

At subsequent measurement

*(a) Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables and amounts owing by related companies.

There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

e) Financial assets (...Cont'd)

*(vii) Classification and measurement (...Cont'd)*

At subsequent measurement (...Cont'd)

*(a) Debt instruments (...cont'd)*

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in “other gains and losses”.

*(b) Equity investments*

The Company subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gains and losses”, except for those equity securities which are not held for trading. The Company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as “fair value gains / losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

*(viii) Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 24 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*(ix) 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.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

e) Financial assets (...Cont'd)

(ix) *Recognition and derecognition (...Cont'd)*

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 debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

f) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

g) 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 2018 (...CONT'D)**

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

g) 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**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

h) 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.

i) Financial liabilities

Financial liabilities comprise of trade and other payables and amount owing to the holding company.

Financial liabilities are initially measured at fair value net of transaction costs, and subsequently measured 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. The difference between the carrying amount and the consideration paid is recognised in profit or loss.



**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

j) 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.

k) 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.

l) 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.

m) 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**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

m) Revenue recognition (...Cont'd)

*ii) Sale of license*

Revenue from sale of 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.

n) Government grants

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

o) 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.

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.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

o) Income tax (...Cont'd)

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).

p) 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**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

q) 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**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

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

q) Related parties (...Cont'd)

(ii) An entity is related to the Company if any of the following conditions applies (...cont'd):

(h) The entity, or any member of a group which it is a part, provides key management personnel services to the company or to the parent of the company.

**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.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS  
(...CONT'D)**

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

i) Depreciation of property, plant and equipment (...Cont'd)

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 12 to the financial statements.

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 2018, the carrying amounts of the Company's current income tax payable are disclosed in the statement of financial position.

iii) Loss allowance for impairment of trade and other receivables

Management determines the expected loss arising from default for trade receivables by categorised them based on its historical loss pattern, historical payment profile as well as credit risk profile of customer.

Notwithstanding the above, the Company evaluates the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial year.

*Amounts owing by related companies*

Management determines whether there is significant increase in credit risk of these related parties since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of these related companies. There is no significant increase in credit risk as at 31 December 2018.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**4. CASH AND CASH EQUIVALENTS**

	<u>2018</u> S\$	<u>2017</u> S\$
Cash at banks	<u>10,677,033</u>	<u>4,895,475</u>

Cash and cash equivalents are denominated in the following currencies:

	<u>2018</u> S\$	<u>2017</u> S\$
Singapore dollars	198,751	625,390
United States dollars	<u>10,478,282</u>	<u>4,270,085</u>
	<u>10,677,033</u>	<u>4,895,475</u>

**5. TRADE AND OTHER RECEIVABLES**

	<u>2018</u> S\$	<u>2017</u> S\$
Trade receivables – third parties	7,499,238	5,836,350
Accrued receivables – third parties [Note 2 (e)(i)(a)]	<u>320,002</u>	<u>2,611,653</u>
	7,819,240	8,448,003
Less: Loss allowance	<u>(396,124)</u>	<u>(930,961)</u>
	<u>7,423,116</u>	<u>7,517,042</u>
<u>Other receivables</u>		
Refundable deposits	43,545	54,744
Advances	<u>105,253</u>	<u>96,784</u>
	<u>148,798</u>	<u>151,528</u>
Total	<u>7,571,914</u>	<u>7,668,570</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (...CONT'D)**

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<u>Loss allowance</u>		
Balance as at beginning of the year	930,961	363,532
Current year allowance for impairment loss against trade receivables	-	593,387
Write-back of allowance for impairment loss (Note 16)	(534,837)	(25,958)
Balance as at end of the year	<u>396,124</u>	<u>930,961</u>

Trade and other receivables are denominated in the following currencies:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Euro	247,682	225,153
Hong Kong dollars	914,470	5,266,273
United States dollars	5,331,446	1,324,438
Singapore dollars	1,035,003	852,706
British pound	43,313	-
	<u>7,571,914</u>	<u>7,668,570</u>

**6. AMOUNT OWING TO THE HOLDING COMPANY**

The amount owing to the holding company was non-trade, unsecured, interest-free and was repayable within the next twelve months.

Amount owing by the holding company was 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.



**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**7. AMOUNTS OWING BY RELATED COMPANIES (...CONT'D)**

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

	<u>2018</u> S\$	<u>2017</u> S\$
Singapore dollars	56,679	38,143
British pounds	-	(26,743)
	<u>56,679</u>	<u>11,400</u>

**8. PREPAYMENTS**

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

**9. MARGIN DEPOSITS**

This represents margin deposits with financial institution which are secured against performance guarantee issued in favour of the Company's customer.

These margin deposits bear interest ranging from 0.35% to 1% (2017: 0.35% to 1%) per annum and have maturity from 2 to 3 years (2017: 4 to 7 years).

Margin deposits are denominated in Singapore dollars.

**10. INVESTMENT IN ASSOCIATE**

	<u>2018</u> S\$	<u>2017</u> S\$
Unquoted equity shares, at cost	<u>360,500</u>	<u>360,500</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**10. INVESTMENT IN ASSOCIATE (...CONT'D)**

The detail of the associated company is as follows :-

Name of company	Country of incorporation	Principal activity	Effective equity interest held by the company	
			<u>2018</u> %	<u>2017</u> %
Experis Technology Solutions Pte. Ltd.	Singapore	Information technology services	20	20

The summarised financial information in respect of the Company's material associate, Experis Technology Solutions Pte. Ltd., is set out below:-

	<u>2018</u> S\$	<u>2017</u> S\$
Total assets	3,457,122	2,734,590
Total liabilities	1,364,100	752,796
Net assets	<u>2,093,022</u>	<u>1,981,794</u>
Revenue for the year	<u>2,812,698</u>	<u>2,779,801</u>
Profits for the year	<u>172,811</u>	<u>312,849</u>
Share of associate's results	<u>34,562</u>	<u>62,570</u>
Proportion of the Company's ownership interest in Experis Technology Solutions Pte. Ltd.	<u>418,604</u>	<u>396,359</u>

The Company is exempted from applying the equity method as the Company is a wholly owned subsidiary of Hexaware Technologies Limited, a company incorporated in India which produces consolidated financial statements available for public use.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**11(a) FINANCIAL ASSETS, AVAILABLE-FOR-SALE**

	<u>2018</u> S\$	<u>2017</u> S\$
Beginning of financial year	18,187	18,187
Reclassification at 1 January 2018 (Note 2.a(i))	<u>(18,187)</u>	<u>-</u>
End of financial year	<u>-</u>	<u>18,187</u>

Financial assets, available-for-sale are denominated in Singapore dollars.

**11(b) FINANCIAL ASSETS, AT FVOCI**

	<u>2018</u> S\$	<u>2017</u> S\$
Beginning of financial year	-	-
Reclassification at 1 January 2018 (Note 2.a(i))	<u>18,187</u>	<u>-</u>
End of financial year	<u>18,187</u>	<u>-</u>

The Company has designated its equity investments previously classified as financial assets, available-for-sale in financial year ended 31 December 2017, to be measured as fair value through other comprehensive income (“FVOCI”) as at 1 January 2018. The Company intends to hold this investment for long-term for appreciation in value as well as strategic investment purposes. Dividend income recognised for this investment is included in “other income”.

The fair value of unlisted equity instrument represents its cost.

Financial assets, at FVOCI are denominated in Singapore dollars.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**12. PROPERTY, PLANT AND EQUIPMENT**

	<u>Computers</u> S\$	<u>Furniture and fittings</u> S\$	<u>Office equipment</u> S\$	<u>Total</u> S\$
<b>2018</b>				
<b>Cost</b>				
At 01 January 2018	265,159	158,178	246,971	670,308
Additions during the year	<u>14,420</u>	<u>-</u>	<u>-</u>	<u>14,420</u>
At 31 December 2018	<u>279,579</u>	<u>158,178</u>	<u>246,971</u>	<u>684,728</u>
<b>Accumulated Depreciation</b>				
At 01 January 2018	118,552	88,822	191,618	398,992
Charge for the year	<u>72,610</u>	<u>19,338</u>	<u>39,418</u>	<u>131,366</u>
At 31 December 2018	<u>191,162</u>	<u>108,160</u>	<u>231,036</u>	<u>530,358</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>88,417</u>	<u>50,018</u>	<u>15,935</u>	<u>154,370</u>
<b>2017</b>				
<b>Cost</b>				
At 01 January 2017	86,516	158,178	244,858	489,552
Additions during the year	<u>178,643</u>	<u>-</u>	<u>2,113</u>	<u>180,756</u>
At 31 December 2017	<u>265,159</u>	<u>158,178</u>	<u>246,971</u>	<u>670,308</u>
<b>Accumulated Depreciation</b>				
At 01 January 2017	47,389	69,484	142,775	259,648
Charge for the year	<u>71,163</u>	<u>19,338</u>	<u>48,843</u>	<u>139,344</u>
At 31 December 2017	<u>118,552</u>	<u>88,822</u>	<u>191,618</u>	<u>398,992</u>
<b>Carrying amount</b>				
At 31 December 2017	<u>146,607</u>	<u>69,356</u>	<u>55,353</u>	<u>271,316</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**13. TRADE AND OTHER PAYABLES**

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Trade payables - third parties	700,618	321,223
- holding company	473,232	2,572,857
- related companies	211,261	287,182
Deferred revenue - third parties [Note 2 (m) (iii)]	358,484	99,858
GST payable	183,908	109,200
	<u>1,927,503</u>	<u>3,390,320</u>
Accruals for employee benefit expenses	282,571	243,464
Accruals for other operating expenses	818,327	173,007
Other creditors	35,615	23,059
	<u>1,136,513</u>	<u>439,530</u>
Total	<u><u>3,064,016</u></u>	<u><u>3,829,850</u></u>

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

Trade and other payables are denominated in the following currencies:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Singapore dollars	2,357,136	3,829,850
United States dollars	315,788	-
Hong Kong dollars	311,738	-
Australia dollars	17,432	-
British pound	61,922	-
	<u>3,064,016</u>	<u>3,829,850</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**14. SHARE CAPITAL**

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Number of issued ordinary		S\$	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.

**15. REVENUE**

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Software development income	21,899,929	23,562,569
Business payroll outsourcing income	753,085	619,236
License income	2,636,817	536,410
Others	20,067	-
	<u>25,309,898</u>	<u>24,718,215</u>

The Company derives revenue from the transfer of services over time and at a point in time in the following major service lines.

	<u>At a point</u>		<u>Total</u>
	<u>in time</u>	<u>Over time</u>	<u>S\$</u>
	S\$	S\$	S\$
<b><u>2018</u></b>			
Software development income	-	21,899,929	21,899,929
Business payroll outsourcing income	-	753,085	753,085
License income	497,471	2,139,346	2,636,817
Others	-	20,067	20,067
	<u>497,471</u>	<u>24,812,427</u>	<u>25,309,898</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (...CONT'D)**

**15. REVENUE (...CONT'D)**

The Company derives revenue from the transfer of services over time and at a point in time in the following major service lines.

	<u>At a point in time</u> S\$	<u>Over time</u> S\$	<u>Total</u> S\$
<b><u>2017</u></b>			
Software development income	-	23,562,569	23,562,569
Business payroll outsourcing income	-	619,236	619,236
License income	278,083	258,327	536,410
	<u>278,083</u>	<u>24,440,132</u>	<u>24,718,215</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

<b>Nature of goods or services</b>	The software development segment of the Company principally generates from software development and maintenances
<b>When revenue is recognised</b>	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 hour to be incurred to each contract.
<b>Significant payment terms</b>	Payment is due 30 days when services are performed.
<b>Nature of goods or services</b>	The business payroll outsourcing segment of the Company principally generates from providing system and manpower to process customers' payroll and other e-commerce work
<b>When revenue is recognised</b>	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 hour to be incurred to each contract.
<b>Significant payment terms</b>	Payment is due 30 days when services are performed.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**15. REVENUE (...CONT'D)**

<b>Nature of goods or services</b>	The licence segment of the Company principally generates from providing software licence.
<b>When revenue is recognised</b>	Revenue is recognised upon execution of contract and completion of delivery obligations.
<b>Significant payment terms</b>	Payment is due 30 days when services are performed.

**16. OTHER INCOME**

	<u>2018</u> S\$	<u>2017</u> S\$
Interest income	-	3,252
Other income	16,472	53,651
Write-back of allowance for impairment loss on trade receivables (Note 5)	<u>534,837</u>	<u>25,958</u>
	<u><u>551,309</u></u>	<u><u>82,861</u></u>

**17. SOFTWARE DEVELOPMENT AND SERVICE COSTS**

	<u>2018</u> S\$	<u>2017</u> S\$
Software development expenses	9,549,049	9,538,327
Travelling and relocation expenses	341,933	235,035
Licence cost	1,930,834	608,814
Consultants expenses	<u>4,653,713</u>	<u>4,291,895</u>
	<u><u>16,475,529</u></u>	<u><u>14,674,071</u></u>



**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**18. EMPLOYEE BENEFITS EXPENSE**

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Staff benefits, bonus and salaries	964,489	738,690
CPF contributions	13,076	14,423
	<u>977,565</u>	<u>753,113</u>

**19. OTHER OPERATING EXPENSES**

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Allowance for doubtful debts	-	593,387
Bad debt written-off	195,426	-
Business promotion	44,200	75,475
Exchange loss	391,661	485,428
Insurance	64,541	30,377
Legal and professional fees	66,682	52,988
Office rental - operating lease	132,323	133,981
Repair and maintenance	15,970	36,277
Telephone and fax	39,634	32,026
Travelling expenses	131,983	122,470
Others	128,477	100,146
	<u>1,210,897</u>	<u>1,662,555</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**20. INCOME TAX EXPENSE**

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Underprovision of prior year income tax	22,869	-
Current income tax	<u>1,264,408</u>	<u>960,000</u>
	<u><u>1,287,277</u></u>	<u><u>960,000</u></u>

A reconciliation between tax expenses and the product of accounting profit multiplied by the applicable corporate tax rate of 17% (2017: 17%) for the financial years ended 31 December 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Profit before income tax	<u><u>7,065,850</u></u>	<u><u>7,571,993</u></u>
Income tax expense at applicable rate	1,201,195	1,287,239
Non-deductible items	100,102	19,011
Income not subject to tax	-	(46,543)
Utilisation of prior years unabsorbed tax losses carried forward	-	(262,385)
Underprovision of prior year income tax	22,869	-
Tax rebate and exemption	(35,925)	(35,925)
Others	<u>(964)</u>	<u>(1,397)</u>
	<u><u>1,287,277</u></u>	<u><u>960,000</u></u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**21. OPERATING LEASE ARRANGEMENTS**

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Due within one year	<u>-</u>	<u>55,227</u>

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

In 2017, the leases had varying terms and renewal rights. Leases were negotiated for an average term 1 month to 2 years with an option to renew the lease after that date but no purchase options and escalation clauses.

**22. 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>2018</u>	<u>2017</u>
	S\$	S\$
Software development expenses payable to holding company	4,587,913	5,389,233
Software development expenses payable to related companies	2,388,388	987,094
Purchase property, plant and equipment from holding company	-	382
Reimbursement of expenses to holding company	-	455,365
Reimbursement of expenses to related companies	252,713	512,649
Reimbursement of expenses from holding company	566,106	-
Reimbursement of expenses from related companies	<u>992,322</u>	<u>376,893</u>

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**23. 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>
<b>Ultimate holding company and its subsidiaries</b>	
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
<b>Immediate holding company of Hexaware Technologies Limited</b>	
HT Global IT Solutions Holdings Limited	Mauritius
<b>Immediate holding company</b>	
Hexaware Technologies Limited	India

**24. 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.

The Company's significant currency exposure to the United States dollars and Hong Kong dollars (2017: United States dollars and Hong Kong dollars) based on the information provided to key management are as follows:

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**24. FINANCIAL RISK MANAGEMENT (...CONT'D)**

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

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

2018

	<u>HKD</u> S\$	<u>USD</u> S\$
<b>Financial assets</b>		
Cash and cash equivalents	-	10,478,282
Trade and other receivables	914,470	5,331,446
	914,470	15,809,728
<b>Financial liability</b>		
Trade and other payables	(166,774)	(315,788)
Net currency exposure on financial assets	747,696	15,493,940

2017

	<u>HKD</u> S\$	<u>USD</u> S\$
<b>Financial assets</b>		
Cash and cash equivalents	-	4,270,085
Trade and other receivables	5,266,273	1,324,438
Net currency exposure on financial assets	5,266,273	5,594,523

If the United States dollars and Hong Kong dollars had strengthened/weakened by 4% and 4% (2017: 6% and 7 %) respectively, against the Singapore dollars 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\$620,000 and S\$30,000 (2017: S\$335,700 and S\$368,600) as a result of currency translation gains/losses on the remaining United States dollars and Hong Kong dollars denominated financial assets and liabilities.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**24. FINANCIAL RISK MANAGEMENT (...CONT'D)**

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

(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 owing by related companies. For bank balances, deposits are placed with regulated bank which has Aa credit-ratings assigned by Moody's, a credit-rating agency. For credit exposures to customers, management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors.

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 Company is able to maintain a diversified high quality client roster that can be accessed through the depth of relationships with existing clients.

The Company growth strategy involves a mix of new client addition and mining the accounts of existing clients. As the Company add more clients and grow its revenues from the existing clients, the Company naturally reduce its dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with much higher margins due to lower associated cost and higher cost predictability.

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

The trade receivables of the Company comprise of 3 major debtors (2017: 3 debtors) that collectively represent 83% (2017: 90%) of trade receivables.

Other significant concentrations of credit risk relate to amount owing by related companies amounting to Nil (2017: S\$11,400).

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**24. FINANCIAL RISK MANAGEMENT (...CONT'D)**

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

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<u>By geographical areas</u>		
Hong Kong	988,833	5,361,049
Germany	58,345	-
Malaysia	(1,676)	-
Scotland	36,482	-
Singapore	<u>6,341,133</u>	<u>2,155,993</u>
	<u><u>7,423,117</u></u>	<u><u>7,517,042</u></u>

Amounts owing by related companies are concentrated in United States of America.

Cash and cash equivalents, other receivables and amounts owing by related companies are subject to immaterial credit loss.

The Company has applied the simplified approach by using the provision matrix to measure lifetime expected credit for trade receivables. Based on assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement), these exposures are considered to have low risk credit risk. Therefore impairment on these balances has been measured on the 12 months expected credit loss basis, and the amount of the allowance is insignificant.

The Company's credit risk exposure in relation to financial assets under FRS 39 as at 31 December 2017 are set out as follows:

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

Bank deposits that are neither past due nor impaired were placed with regulated bank. 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 neither past due nor impaired include receivables amounting to S\$3,428,114.

The Company's amounts owing by related companies not past due and/or impaired include receivables amounting to S\$11,400.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**24. FINANCIAL RISK MANAGEMENT (...CONT'D)**

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

(ii) Financial assets that are past due and/or impaired

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

	<u>2017</u> S\$
Due less than 30 days	3,028,081
Due from 30 to 90 days	349,659
Due from 91 to 180 days	<u>607,874</u>
	<u>3,985,614</u>

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

	<u>2017</u> S\$
Past due more than 180 days	1,034,275
Less: Allowance for impairment loss	<u>(930,961)</u>
	<u>103,314</u>

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

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

*(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.



**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (...CONT'D)**

**24. 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>2018</u>	<u>2017</u>
	S\$	S\$
<u>Less than 1 year</u>		
Trade and other payables*	<u>2,521,623</u>	<u>3,620,792</u>
<i>*Excluded Deferred revenue and GST payable</i>		

*(d) Fair value measurement*

The carrying amounts less impairment provision of trade receivables, cash and cash equivalents, margin deposit, other receivables, amount owing to the 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 carrying amounts of financial assets measured at fair value (financial assets, at FVOCI and AFS) are disclosed on the face of the balance sheet and in Note 11(a) and (b) to the financial statements respectively.

The aggregate carrying amounts of loan and receivables, financial assets and financial liabilities at amortised cost are as follows:

	<u>2018</u>	
	S\$	
Financial assets, at amortised cost	18,638,159	
Financial liabilities, at amortised cost	<u>2,521,625</u>	
	<u>2017</u>	
	S\$	
Loans and receivables	12,907,977	
Financial liabilities, at amortised cost	<u>3,620,792</u>	

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**25. 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 2018 and 2017.

**26. 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 yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 January 2019
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The Company has not applied those FRSs and INT FRSs that have been issued but are effective only in next financial year. The Company expects the adoption of the standards will have no material effect on the financial statements in the period of initial application, except for the following:

**(a) FRS 116 Leases**

FRS 116 replaces FRS 17 Leases and introduces a new single lessee accounting model which eliminate the current distinction between operating and finance leases for lessees.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**26. STANDARDS ISSUED BUT NOT YET EFFECTIVE (...CONT'D)**

*(a) FRS 116 Leases (...cont'd)*

FRS 116 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the lease item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost. The classification and accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as lease under FRS 116. The new standard also introduces expanded disclosure requirements and changes in presentation. Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to the operating lease. Additional disclosures will also be made with respect of the asset and liability, including any significant judgement and estimation made. The Company have yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

*(b) INT FRS 123 Uncertainty Over Income Tax Treatments*

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- i. how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- ii. that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- iii. that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- iv. that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2018 (...CONT'D)**

**26. STANDARDS ISSUED BUT NOT YET EFFECTIVE (...CONT'D)**

*(b) INT FRS 123 Uncertainty Over Income Tax Treatments*

- v. that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognised arising from the uncertain tax positions.

**HEXAWARE TECHNOLOGIES ASIA PACIFIC PTE LTD**  
(Incorporated in Singapore)

**THE ACCOMPANYING SCHEDULES OF EMPLOYEE BENEFITS EXPENSE  
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 BENEFITS EXPENSE  
AND OTHER OPERATING EXPENSES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b><u>EMPLOYEE BENEFITS EXPENSE</u></b>		
Staff benefits, bonus and salaries	964,489	738,690
CPF contributions	13,076	14,423
	977,565	753,113
<b><u>OTHER OPERATING EXPENSES</u></b>		
Auditor's remuneration	16,000	15,996
Allowance for doubtful debts	-	593,387
Bad debt written off	195,426	-
Bank charges	14,491	19,962
Business promotion	44,200	75,475
Entertainment	15,541	25,291
Exchange loss	391,661	485,428
General expenses	-	3,050
Insurance	64,541	30,377
Internet charges	2,447	3,017
Legal and professional fees	66,682	52,988
Membership and subscription	300	300
Office rental - operating lease	132,323	133,981
Other administration expenses	66,168	15,546
Postage and courier charges	598	565
Printing and stationery	4,745	6,665
Repair and maintenance	15,970	36,277
Telephone and fax	39,634	32,026
Training	100	961
Transportation	756	2,070
Travelling expenses	131,983	122,470
Utilities	7,331	6,723
	1,210,897	1,662,555

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