

Company Registration No. 199700887D

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

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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

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**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**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 2017.

**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 2017 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  
Amallesh 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



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Amberin Ayaz Memon  
Director



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John Ashok Harris  
Director

5 February 2018

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

**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 41, which comprise the statement of financial position as at 31 December 2017, 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 2017 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.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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.

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

**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.



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JBS PRACTICE PAC  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS

Singapore

5 February 2018



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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> S\$	<u>2016</u> S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	4,895,475	1,168,877
Trade and other receivables	5	7,668,570	2,782,218
Amounts owing by holding company	6	-	21,531
Amounts owing by related companies	7	11,400	49,382
Prepayments	8	235,940	450,114
		<u>12,811,385</u>	<u>4,472,122</u>
<b>Non-current assets</b>			
Margin deposits	9	408,444	282,500
Investment in associates	10	360,500	360,500
Financial assets, available-for-sale	11	18,187	-
Property, plant and equipment	12	271,316	229,904
		<u>1,058,447</u>	<u>872,904</u>
<b>Total assets</b>		<u>13,869,832</u>	<u>5,345,026</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	3,829,850	2,884,374
Amounts owing to holding company	6	7,337	-
Income tax payables		960,000	-
<b>Total liabilities</b>		<u>4,797,187</u>	<u>2,884,374</u>
<b>NET ASSETS</b>		<u>9,072,645</u>	<u>2,460,652</u>
<b>SHAREHOLDERS'S EQUITY</b>			
Share capital	14	500,000	500,000
Retained earnings		<u>8,572,645</u>	<u>1,960,652</u>
<b>TOTAL EQUITY</b>		<u>9,072,645</u>	<u>2,460,652</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 2017**

	<u>Note</u>	<u>2017</u> S\$	<u>2016</u> S\$
<b>REVENUE</b>			
Revenue	15	24,718,215	9,857,697
Other income	16	82,861	33,268
<b>Total revenue</b>		<u>24,801,076</u>	<u>9,890,965</u>
<b>EXPENSES</b>			
Software development and service costs	17	(14,674,071)	(9,033,806)
Depreciation of property, plant and equipment	12	(139,344)	(87,136)
Employee benefits expense	18	(753,113)	(1,136,218)
Other operating expenses	19	(1,662,555)	(896,226)
<b>Total expenses</b>		<u>(17,229,083)</u>	<u>(11,153,386)</u>
<b>Profit/(loss) before income tax</b>		7,571,993	(1,262,421)
<b>Income tax expense</b>	20	(960,000)	-
<b>Net profit/(loss), representing total comprehensive income/(loss) for the financial year</b>		<u>6,611,993</u>	<u>(1,262,421)</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 2017**

	<u>Share capital</u> S\$	<u>Retained earnings</u> S\$	<u>Total</u> S\$
<b><u>2017</u></b>			
At 1 January 2017	500,000	1,960,652	2,460,652
Net income, representing total comprehensive income for the financial year	-	6,611,993	6,611,993
At 31 December 2017	<u>500,000</u>	<u>8,572,645</u>	<u>9,072,645</u>
<b><u>2016</u></b>			
At 1 January 2016	500,000	3,223,073	3,723,073
Net loss, representing total comprehensive loss for the financial year	-	(1,262,421)	(1,262,421)
At 31 December 2016	<u>500,000</u>	<u>1,960,652</u>	<u>2,460,652</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 2017**

	<u>Note</u>	<u>2017</u> S\$	<u>2016</u> S\$
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		7,571,993	(1,262,421)
<b>Adjustments for:</b>			
Allowance for impairment loss of trade receivables	5	593,387	152,109
Depreciation of property, plant and equipment	12	139,344	87,136
Exchange difference		288,319	(18,946)
Bank interest income	16	<u>(3,252)</u>	<u>-</u>
<b>Operating cash flow before working capital changes</b>		<u>8,589,791</u>	<u>(1,042,122)</u>
Working capital changes, excluding changes relating to cash:			
Trade and other receivables		(5,265,565)	(486,312)
Trade and other payables		<u>945,476</u>	<u>1,114,801</u>
<b>Cash generated from/(used in) operations</b>		<u>4,269,702</u>	<u>(413,633)</u>
Bank interest received	16	<u>3,252</u>	<u>-</u>
<b>Net cash generated from/(used in) operating activities</b>		<u>4,272,954</u>	<u>(413,633)</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	12	(180,756)	(31,527)
Investment in associated company		-	(360,500)
Investment in financial assets, available-for-sale	11	<u>(18,187)</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>(198,943)</u>	<u>(392,027)</u>
<b>Cash flows from financing activities</b>			
Placement of margin deposit		(125,944)	-
Changes in amount due from/(to) holding company		28,868	301,399
Changes in amount due from related companies		<u>37,982</u>	<u>1,563</u>
<b>Net cash (used in)/generated from financing activities</b>		<u>(59,094)</u>	<u>302,962</u>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		4,014,917	(502,698)
Effects of currency translation on cash and cash equivalents		(288,319)	18,946
Cash and cash equivalents at the beginning of financial year		<u>1,168,877</u>	<u>1,652,629</u>
<b>Cash and cash equivalents at the end of financial year</b>	4	<u>4,895,475</u>	<u>1,168,877</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 2017**

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 2017 were authorised and approved by the directors for issuance on 5 February 2018.

**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”, 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 2017 (...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) 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%.

(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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

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

(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 different 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

e) 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.

(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”, “amounts owing by holding company” 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.

(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.



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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

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

(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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

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

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

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.

f) 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.

*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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

f) Property, plant and equipment (...Cont'd)

(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.

g) 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.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

h) 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.

i) 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.

j) 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.

k) 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.

l) 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:

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

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

*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.

*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.

m) Government grants

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

n) 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

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

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.

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).

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31 DECEMBER 2017 (...CONT'D)**

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

o) 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.

p) 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).

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31 DECEMBER 2017 (...CONT'D)**

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

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

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

(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).

(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.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

(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 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 2017, 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

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

iii) Impairment of trade and other receivables (...Cont'd)

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>2017</u> S\$	<u>2016</u> S\$
Cash at banks	4,895,475	1,128,959
Margin deposit	-	39,918
	<u>4,895,475</u>	<u>1,168,877</u>

In the previous financial year ended, the margin deposit held against performance guarantee issued in favour of the Company's customer bore 0.15% interest per annum and had a maturity period of less than 1 year.

Cash and cash equivalents are denominated in the following currencies:

	<u>2017</u> S\$	<u>2016</u> S\$
Singapore dollars	625,390	315,991
United States dollars	4,270,085	852,886
	<u>4,895,475</u>	<u>1,168,877</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

**5. TRADE AND OTHER RECEIVABLES**

	<u>2017</u> S\$	<u>2016</u> S\$
Trade receivables – third parties	5,836,350	2,902,866
Accrued receivables – third parties [Note 2 (e) (i)]	<u>2,611,653</u>	<u>87,233</u>
	8,448,003	2,990,099
Less: Allowance for impairment loss	<u>(930,961)</u>	<u>(363,532)</u>
	<u>7,517,042</u>	<u>2,626,567</u>
 <u>Other receivables</u>		
Other debtor	-	18,187
Refundable deposits	54,744	56,225
Advances	<u>96,784</u>	<u>81,239</u>
	<u>151,528</u>	<u>155,651</u>
 Total	 <u>7,668,570</u>	 <u>2,782,218</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.

	<u>2017</u> S\$	<u>2016</u> S\$
<u>Allowance for impairment loss</u>		
Balance as at beginning of the year	363,532	211,423
Current year allowance for impairment loss against trade receivables	593,387	152,109
Write-back of allowance for impairment loss (Note 16)	<u>(25,958)</u>	<u>-</u>
Balance as at end of the year	<u>930,961</u>	<u>363,532</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

Trade and other receivables are denominated in the following currencies:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Euro	225,153	203,740
Hong Kong dollars	5,266,273	8,770
United States dollars	1,324,438	1,215,956
Singapore dollars	852,706	1,353,752
	<u>7,668,570</u>	<u>2,782,218</u>

**6. AMOUNTS OWING BY/(TO) HOLDING COMPANY**

The amounts owing by/(to) 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>2017</u>	<u>2016</u>
	S\$	S\$
Singapore dollars	38,143	52,616
Sterling pounds	(26,743)	(931)
United States dollars	-	(2,303)
	<u>11,400</u>	<u>49,382</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

**8. PREPAYMENTS**

Prepayments mainly refer to advance payments to third parties which related to licence cost which 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% (2016: 0.55%) per annum and have maturity from 4 to 7 years (2016: 7 years).

Margin deposits are denominated in Singapore dollars.

**10. INVESTMENT IN ASSOCIATED COMPANY**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Unquoted equity shares, at cost	<u>360,500</u>	<u>360,500</u>

The details of the associated company are as follows :-

Name of company	Country of incorporation	Principal activity	Effective equity interest held by the company	
			<u>2017</u>	<u>2016</u>
			%	%
Experis Technology Solutions Pte. Ltd.	Singapore	Information technology services	20	20

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (...CONT'D)**

**10. INVESTMENT IN ASSOCIATED COMPANY (...CONT'D)**

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

	<u>2017</u> S\$	<u>2016</u> S\$
Total assets	2,717,627	1,669,866
Total liabilities	<u>771,756</u>	<u>-</u>
Net assets	<u>1,945,871</u>	<u>1,669,866</u>
Revenue for the year	<u>2,776,350</u>	<u>-</u>
Profits for the year	<u>285,490</u>	<u>(9)</u>
Share of associate's results	<u>57,098</u>	<u>(2)</u>
Dividend received	<u>-</u>	<u>-</u>
Proportion of the Company's ownership interest in Experis Technology Solutions Pte. Ltd.	<u>389,174</u>	<u>333,973</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.

**11. FINANCIAL ASSETS, AVAILABLE-FOR-SALE**

	<u>2017</u> S\$	<u>2016</u> S\$
Unquoted equity shares, at cost	<u>18,187</u>	<u>-</u>

The carrying amounts of available-for-sale financial assets which are unquoted investments represent their costs as their fair value cannot be reliably measured.

Available-for-sale financial assets are denominated in Singapore dollars.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...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>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>
<b>2016</b>				
<b>Cost</b>				
At 01 January 2016	60,424	158,178	239,423	458,025
Additions during the year	<u>26,092</u>	<u>-</u>	<u>5,435</u>	<u>31,527</u>
At 31 December 2016	<u>86,516</u>	<u>158,178</u>	<u>244,858</u>	<u>489,552</u>
<b>Accumulated Depreciation</b>				
At 01 January 2016	27,477	50,146	94,889	172,512
Charge for the year	<u>19,912</u>	<u>19,338</u>	<u>47,886</u>	<u>87,136</u>
At 31 December 2016	<u>47,389</u>	<u>69,484</u>	<u>142,775</u>	<u>259,648</u>
<b>Carrying amount</b>				
At 31 December 2016	<u>39,127</u>	<u>88,694</u>	<u>102,083</u>	<u>229,904</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

**13. TRADE AND OTHER PAYABLES**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Trade payables - third parties	321,223	539,117
- holding company	2,572,857	1,751,372
- related companies	287,182	-
Deferred revenue - third parties [Note 2 (l) (iii)]	99,858	84,930
GST payable	109,200	127,722
	<u>3,390,320</u>	<u>2,503,141</u>
Accruals for employee benefit expenses	243,464	307,124
Accruals for other operating expenses	173,007	43,419
Other creditors	23,059	30,690
	<u>439,530</u>	<u>381,233</u>
Total	<u><u>3,829,850</u></u>	<u><u>2,884,374</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>2017</u>	<u>2016</u>
	S\$	S\$
Hong Kong dollars	-	9,345
Singapore dollars	3,829,850	2,875,029
	<u>3,829,850</u>	<u>2,884,374</u>



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**14. SHARE CAPITAL**

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Number of issued ordinary shares		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>2017</u>	<u>2016</u>
	S\$	S\$
Software development and consultancy income	23,562,569	9,274,343
Sale of license and related income	<u>1,155,646</u>	<u>583,354</u>
	<u>24,718,215</u>	<u>9,857,697</u>

**16. OTHER INCOME**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Exchange gain	-	21,780
Interest income	3,252	-
Other income	53,651	11,488
Write-back of allowance for impairment loss on trade receivables (Note 5)	<u>25,958</u>	<u>-</u>
	<u>82,861</u>	<u>33,268</u>

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**17. SOFTWARE DEVELOPMENT AND SERVICE COSTS**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Software development expenses	9,538,327	5,381,251
Travelling and relocation expenses	235,035	75,865
Licence cost	608,814	163,041
Consultants expenses	4,291,895	3,413,649
	<u>14,674,071</u>	<u>9,033,806</u>

**18. EMPLOYEE BENEFIT EXPENSES**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Director's remuneration	-	128,309
Staff benefits, bonus and salaries	738,690	982,458
CPF contributions	14,423	21,887
Medical benefits	-	3,564
	<u>753,113</u>	<u>1,136,218</u>

**19. OTHER OPERATING EXPENSES**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Allowance for doubtful debts	593,387	152,109
Business promotion	75,475	158,259
Exchange loss	485,428	-
Insurance	30,377	23,416
Legal and professional fees	52,988	84,447
Office rental - operating lease	133,981	137,298
Repair and maintenance	36,277	68,094
Telephone and fax	32,026	30,029
Travelling expenses	122,470	161,227
Others	100,146	81,347
	<u>1,662,555</u>	<u>896,226</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

**20. INCOME TAX EXPENSE**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Current income tax	960,000	-

A reconciliation between tax expenses/(benefit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate of 17% (2016: 17%) for the financial years ended 31 December 2017 and 2016 is as follows:

The Company has unabsorbed tax losses approximately amounting to Nil (2016: S\$1,623,000), 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.

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Profit/(loss) before income tax	7,571,993	(1,262,421)
Income tax expense/(benefit) at applicable rate	1,287,239	(214,612)
Non-deductible items	19,011	5,651
Income not subject to tax	(46,543)	-
Utilisation of prior years unabsorbed tax losses carried forward	(262,385)	-
Unabsorbed tax losses carried forward	-	208,961
Tax rebate and exemption	(35,925)	-
Others	(1,397)	-
	960,000	-

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (...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>2017</u> S\$	<u>2016</u> S\$
Due within one year	55,227	121,505
Due within two to five years	-	44,200
	<u>55,227</u>	<u>165,705</u>

Operating lease commitments represents rental payables 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 month to 2 years (2016: 1 year 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>2017</u> S\$	<u>2016</u> S\$
Software development expenses payable to holding company	5,389,233	4,615,899
Software development expenses payable to a related company	987,094	-
Purchase property, plant and equipment from holding company	382	-
Reimbursement of expenses to holding company	455,365	228,628
Reimbursement of expenses to related companies	512,649	109,942
Reimbursement of expenses from holding company	-	52,197
Reimbursement of expenses from related companies	<u>376,893</u>	<u>506,652</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

**22. SIGNIFICANT RELATED PARTY TRANSACTIONS (...CONT'D)**

(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>2017</u>	<u>2016</u>
	S\$	S\$
Short-term benefits	-	128,309

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

**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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

**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 (2016: United States dollars) based on the information provided to key management are as follows:

	<u>2017</u>	<u>2016</u>
	<u>HKD</u> S\$	<u>USD</u> S\$
<b>Financial assets</b>		<u>USD</u> S\$
Cash and cash equivalents	-	4,270,085
Trade and other receivables	<u>5,266,273</u>	<u>1,324,438</u>
	<u>5,266,273</u>	<u>2,068,842</u>
<b>Financial liability</b>		
Amounts owing to related companies	-	-
		(2,303)
Net currency exposure on financial assets	<u>5,266,273</u>	<u>5,594,523</u>
		<u>2,066,539</u>

If the United States dollars and Hong Kong dollars had strengthened/weakened by 6% and 7% (2016: 2%) 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\$335,700 and S\$368,600 (2016: S\$41,300) respectively, as a result of currency translation gains/losses on the remaining United States dollars and Hong Kong dollars denominated financial assets and liabilities.

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**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 amounts owing by holding company and amounts owing by related companies. For bank balances, deposits are placed with regulated banks. 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 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 3 major debtors (2016: 4 debtors) that collectively represent 90% (2016: 67%) of trade receivables.

Other significant concentrations of credit risk relate to amount owing by holding company and related companies amounting to Nil (2016: S\$21,531) and S\$11,400 (2016: S\$49,382), respectively.

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<u>By geographical areas</u>		
Hong Kong	5,361,049	118,424
India	-	5,889
Malaysia	-	(1,676)
Singapore	2,155,993	2,503,930
	<u>7,517,042</u>	<u>2,626,567</u>

Amounts owing by holding company are concentrated in India.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

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

(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 neither past due nor impaired include receivables amounting to S\$3,428,114 (2016: S\$1,440,295).

The Company's amounts owing by holding company and amounts owing by related companies not past due and/or impaired include receivables amounting to Nil and S\$11,400 (2016: S\$21,531 and S\$49,382).

(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>	<u>2016</u>
	S\$	S\$
Due less than 30 days	3,028,081	389,481
Due from 30 to 90 days	349,659	273,034
Due more than 90 days	607,874	523,757
	<u>3,985,614</u>	<u>1,186,272</u>

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Past due more than 180 days	1,034,275	363,532
Less: Allowance for impairment loss	<u>(930,961)</u>	<u>(363,532)</u>
	<u>103,314</u>	<u>-</u>

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



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

*(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.

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>2017</u>	<u>2016</u>
	S\$	S\$
<u>Less than 1 year</u>		
Trade and other payables*	<u>3,620,792</u>	<u>2,671,722</u>
<i>*Excluded Deferred revenue and GST payable</i>		

*(d) Fair value measurement*

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

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

*(e) Categories of financial instruments*

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<b>Financial assets</b>		
Loans and receivables:		
Cash and cash equivalents	4,895,475	1,168,877
Trade and other receivables	7,668,570	2,782,218
Amounts owing by holding company	-	21,531
Amounts owing by related companies	11,400	49,382
Margin deposit	408,444	282,500
Investment in associates	360,500	360,500
Financial assets, available-for-sale	<u>18,187</u>	<u>-</u>
<b>Financial liabilities</b>		
Amortised cost:		
Trade and other payables	3,620,792	2,671,722
Amounts owing to holding company	<u>7,337</u>	<u>-</u>

**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 2017 and 2016.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 (...CONT'D)**

**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 period beginning on or after
FRS 115: Revenue from Contracts with Customers	1 January 2018
FRS 109: Financial instruments	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116: Leases	1 January 2019
INT FRS 122 : Foreign Currency Transactions and Advance Consideration	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 directors expect that the adoption of the standards will have no material effect on the financial statements in the period of initial application.

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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**  
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**SCHEDULES OF EMPLOYEE BENEFIT EXPENSES  
AND OTHER OPERATING EXPENSES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<b><u>EMPLOYEE BENEFIT EXPENSES</u></b>		
Director's remuneration	-	128,309
Staff benefits, bonus and salaries	738,690	982,458
CPF contributions	14,423	21,887
Medical benefits	-	3,564
	<u>753,113</u>	<u>1,136,218</u>
<b><u>OTHER OPERATING EXPENSES</u></b>		
Auditor's remuneration	15,996	16,000
Allowance for doubtful debts	593,387	152,109
Bank charges	19,962	11,630
Business promotion	75,475	158,259
Entertainment	25,291	17,917
Exchange loss	485,428	-
General expenses	3,050	-
Insurance	30,377	23,416
Internet charges	3,017	2,870
Legal and professional fees	52,988	84,447
Membership and subscription	300	300
Office rental - operating lease	133,981	137,298
Other administration expenses	15,546	9,079
Postage and courier charges	565	1,056
Printing and stationery	6,665	11,152
Repair and maintenance	36,277	68,094
Telephone and fax	32,026	30,029
Training	961	2,000
Transportation	2,070	3,046
Travelling expenses	122,470	161,227
Utilities	6,723	6,297
	<u>1,662,555</u>	<u>896,226</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.*