



**NETSOL™**

**FINANCIAL STATEMENTS (UN-AUDITED)  
For The Half Year Ended  
DECEMBER 2018**



**NETSOL TECHNOLOGIES LIMITED**

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# Company Profile

## BOARD OF DIRECTORS

### SHAHAB-UD-DIN GHAURI

Chairman/Non-Executive Director

### SALIM ULLAH GHAURI

Chief Executive Officer/Executive Director

### VASEEM ANVAR

Independent Director

### ANWAAR HUSSAIN

Independent Director

### HAMNA GHAURI

Non-Executive Director

### NAJEEB ULLAH GHAURI

Non-Executive Director

### OMAR SHAHAB GHAURI

Executive Director

## AUDIT COMMITTEE

### ANWAAR HUSSAIN

Chairman

### VASEEM ANVAR

Member

### HAMNA GHAURI

Member

## CHIEF FINANCIAL OFFICER

### BOO-ALI SIDDIQUI

## COMPANY SECRETARY

### SEHRISH

## CHIEF INTERNAL

## AUDITOR

### MUHAMMAD ABDUL WAHAB HAFEEZ

## AUDITORS

### H.Y.K & Co.

Chartered Accountants  
321-Upper Mall, Lahore

## LEGAL ADVISOR

### CORPORATE LAW ASSOCIATES

1<sup>st</sup> Floor Queen's Centre  
Shahra-e-Fatima Jinnah  
Lahore

## BANKERS

Askari Bank Limited  
SAMBHA Bank Limited  
MCB Bank Limited  
Summit Bank Limited  
Bank Al Habib Limited  
Meezan Bank Limited

## SHARE REGISTRAR

### VISION CONSULTING LIMITED

3-C, LDA Flats,  
Lawrence Road, Lahore.  
Tel: +92-42-36283096-97  
Fax: +92-42-36312550

## CONTACT DETAILS

### REGISTERED OFFICE

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(Software Technology Park)  
Lahore Ring Road,  
Ghazi Road Interchange,  
Lahore Cantt. 54792, Pakistan  
Tel: +92-42-111-44-88-00,  
+92-42-35727096-7  
Fax: +92-42-35701046,  
35726740

### RAWALPINDI OFFICE

House No. 04, Safari Villas,  
Bahria Town, Rawalpindi  
Tel: +92-51-5707011  
Fax: +92-51-5595376

### KARACHI OFFICE

43/1/Q, Amna Villa # 1  
Block # 03. P.E.C.H.S. Kara-  
chi-75400  
Tel: +92-21-111-638-765  
Fax: +92-21-3431-3464

## WEB PRESENCE

www.netsolpk.com  
info@netsolpk.com

# Directors' Report

For The Half Year Ended December 31, 2018 | 3

On behalf of the Board of Directors of NetSol Technologies Limited, we are pleased to present the unaudited condensed financial statements of your company together with its consolidated accounts for the half year ended December 31, 2018.

## GENERAL OVERVIEW

For NETSOL, the past half year has been quite eventful in multiple dimensions. With multiple system demonstrations and continued successful global implementations, primarily of flagship, premier product NFS Ascent™, alongside securing multi-million dollar contracts with leading blue-chip organizations, NETSOL continued to maintain a leading and powerful role in the global asset finance and leasing industry.

The company's sister company signed a five-year contract with a tier-one auto captive finance company for the implementation of both Ascent Retail and Wholesale platforms in China. Through provisioning of both license as well as major services to the sister concern for the implementation of NFS Ascent™ at client site, the company directly benefits with generation of impressive revenue. Additionally, NFS Ascent's Contract Management System (CMS) was implemented in South Africa for a leading German auto captive. This implementation, part of the largest contract in NETSOL's history, includes the existing client upgrading to our premier, flagship platform NFS Ascent.

We are also honored to have received, the "Top IT Exporter Award" and "Top IT Products and Solutions Exporter Award" from Pakistan Software Export Board. These are testament of the superiority of NetSol's products and services. NETSOL also presented at the 7th Annual Liolios Gateway Conference in San Francisco and in 11th Annual LD Micro Main Event in Los Angeles. The founding management team of NetSol expounded the company's growth over the years and explained its current and future potential at these events providing valuable insight into NetSol's culture and journey.

## FINANCIAL PERFORMANCE

Comparisons of un-audited financial results of the second quarter ended December 31, 2018 with the corresponding period of fiscal year 2018 and cumulative results for the half year ended December 31, 2018 with those of December 31, 2017 are given below:

Particulars	SEPARATE ACCOUNTS			
	Oct-Dec 2018	Oct-Dec 2017	Jul-Dec 2018	Jul-Dec 2017
Revenue (in million)	1,389	1,123	2,611	1,956
Gross profit (in million)	579	586	1,064	848
Net profit (in million)	532	483	667	608
EPS – diluted (in Rs.)	5.92	5.37	7.42	6.77
EBITDA per share – diluted (in Rs.)	7.32	7.05	10.39	10.03

Revenues during the quarter ended December 31, 2018 increased by 24% compared to the revenues posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted a net revenue of PKR 1,389 million compared to PKR 1,123 million in the same quarter of last fiscal year. The increase in revenue is mainly due to license revenue associated with the deployment of NFS Ascent™ at two client sites in Hong Kong and Singapore, which were part of a larger contract that includes license implementations, maintenance, services and expected customization fees for the platform across twelve countries. In addition to it, provisioning of license to sister concern's client for the implementation of NFS Ascent™ in China lead to increase license revenue from PKR 202 million to PKR 434 million. Change request is an ongoing services revenue stream for the company as the customers keep on changing/enhancing the systems under their use. Decent amount of customization and change request revenue has also been recognized during the current quarter. Furthermore, maintenance revenue also grew from PKR 181 million to PKR 238 million during the current quarter. Due to adoption of new IFRS 15, the company also recorded a travel reimbursable revenue amounting to PKR 162 million in the current quarter. Previously no such amount was being recognized as revenue. Same amount is also booked as travel cost in the cost of revenue section of the profit and loss account. The Company posted a net profit of PKR 532 million compared to PKR 483 million last year. Included in net profit is PKR 308 million on account of currency exchange gain due to recent devaluation of Pakistani Rupee compared to PKR 171 million in the comparable period. Earnings per diluted share were PKR 5.92 in comparison of PKR 5.37 in the corresponding period of last fiscal year. Company posted net EBITDA profit of PKR 7.32 per diluted share compared to an EBITDA profit of PKR 7.05 per share in the corresponding period. On half yearly basis, Company posted net revenues of PKR 2,611 million compared to PKR 1,956 million in the corresponding period. Gross profit increased to PKR 1,064 million in comparison of PKR 848 million last year. The Company posted a net profit of PKR 667 million in comparison of PKR 608 million during the same period last year. Diluted earnings per share for the half year ended December 31, 2018 were PKR 7.42 in comparison of PKR 6.77 in the corresponding period. Half year EBITDA profit for the current period was PKR 10.39 compared to PKR 10.03 in the preceding period.

Particulars	CONSOLIDATED ACCOUNTS					
	Continued Operations			Discontinued Operations		Total
	Oct-Dec 2018	Oct-Dec 2017	Oct-Dec 2017	Oct-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Revenue (in million)	1,389	1,123	-	85	1,389	1,208
Gross Profit (in million)	579	586	-	10	579	596
Net Profit (in million)	532	478	34	24	566	502

The Company also consolidates financial results of its subsidiary 'NetSol Innovation (Pvt) Limited'. As announced earlier, the subsidiary company has closed all its operations effective July 31, 2018. Net consolidated revenues for the quarter ended December 31, 2018 were PKR. 1,389 million compared to PKR 1,208 million in fiscal 2018. Consolidated gross profit for the quarter was PKR 579 million compared to PKR 596 million in the same period last year. On a consolidated basis, the company posted net consolidated profit of PKR 566 million in the current quarter compared to PKR 502 million in fiscal 2018.

## FUTURE OUTLOOK

Besides current ongoing projects and significant implementations to take place for our diverse clientele, we will continue the promotion and selling of our flagship, premier product NFS Ascent™ and NetSol Financial Suite in the coming quarters alongside focusing on our state-of-the-art enterprise digitization applications suite (NFS Mobility) which has gained considerable traction in various regions across the globe. NFS Digital is an ecosystem which augments and enhances finance and leasing operations. There have also been multiple system demonstrations requested by various prospective clients from around the globe, including major companies in China, Indonesia, Thailand, Australia, the United States and the United Kingdom.

Our new initiative, the innovation lab, continues its essential and imperative role in research and development for the company, by not only modernizing existing products, but generating new products for the future and thereby generating increased revenue streams.

In addition to other marketing initiatives, we have signed up to attend/sponsor certain upcoming leasing summits and events in the United States, United Kingdom, Europe, China and other countries in the region. Our presence, as a global leader of asset finance and leasing sector, at these prominent and foremost industry events has resulted in qualified leads and increase in organization's reach. The company will continue to maintain its presence at international summits, conferences and events across the world.

## ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its esteemed shareholders, valued customers, government agencies and financial institutions which enabled the company to achieve these tremendous results. The board would also like to express its appreciation for the services, loyalty and efforts being continuously rendered by the executives and all the staff members of the company and hope that they will continue with the same spirit in future.

On behalf of the Board



Salim Ullah Ghauri  
Chief Executive Officer



Omar Shahab Ghauri  
Director

Lahore: February 12, 2019

جس میں خوشی ہے کہ نیٹ سول ٹیکنالوجیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کچھ کی 31 دسمبر 2018 کو ختم ہونے والے ششماہی عرصہ کے لیے غیر ذلت شدہ مالیاتی گھوشیہ بشمول مجموعی مالیاتی گھوشیہ سے پیش کر رہے ہیں۔

#### عمومی جائزہ: (General Overview)

نیٹ سول کے لیے، گذشتہ ششماہی کی لحاظ سے اہمیت کی حامل رہی ہے کہ system demonstrations اور کچھ کی اعلیٰ مصنوعات NFS Ascent™ کے مسلسل کامیاب مالی نفاذ کے ساتھ ساتھ معروف بلیو چیپ (blue-chip) اداروں کے ساتھ پیشین ڈالر کے معاہدوں کو محفوظ کیا ہے، نیٹ سول نے عالمی asset finance اور لیزنگ کی صنعت میں مسلسل ایک معروف اور موثر کردار کو برقرار رکھا۔

کچھ کی sister concern نے China میں Ascent Retail اور Wholesale پلٹ فارم کے نفاذ کے لیے ایک اعلیٰ درجے کی آؤکاپچ فنانس auto captive finance کچھ کی کے ساتھ ایک پانچ سالہ معاہدہ کیا ہے۔ کچھ کی اس معاہدے سے اپنی sister concern کے ذریعے NFS Ascent™ کے گاہک ساتھ ساتھ پانچ سالہ آؤکاپچ اور بڑی خدمات فراہم کرتے ہوئے براہ راست متاثر کن محصولات سے فائدہ حاصل کیا۔ اس کے علاوہ، کچھ کی نے ساتھ ساتھ افریقہ (South Africa) میں معروف بزنس Auto Captive کے لیے بھی اپنے (CMS) Contract Management System NFS Ascent's Contract Management System کا کامیابی کے ساتھ نفاذ کیا۔ یہ نفاذ نیٹ سول کی تاریخ کے سب سے بڑے معاہدے کا حصہ ہے، جس میں موجودہ گاہک کی ہمارے پر مشہور flagship پلٹ فارم NFS Ascent™ کو اپ گریڈنگ بھی شامل ہے۔

ہم یہ وقار ہیں کہ پاکستان سونٹ ویبر انکلیوٹورڈ سے "Top IT Products and Solutions Export Award" اور "Top IT Exporter Award" بھی حاصل کیا۔ یہ نیٹ سول کی مصنوعات اور خدمات کی بہترین کارکردگی کا ثبوت ہے۔ نیٹ سول نے اس انگیجس میں مندرجہ ذیل والا ایوارڈ سالانہ LD Micro Main Event اور سالانہ انسکرو میں مندرجہ ذیل والا ایوارڈ سالانہ Lios Gateway Conference میں بھی شرکت کی۔ نیٹ سول کے پانی ٹینٹ ہم میں برسوں پر محیط پچھلی کی ترقی و توسیع اور موجودہ مستقبل کی صلاحیت وضاحت سے پیش کیا اور نیٹ سول کے پچھلے اور اس کی کسٹمر کے بارے میں قابل قدر معلومات فراہم ہیں۔

#### مالیاتی کارکردگی (Financial performance)

31 دسمبر 2018 کو ختم ہونے والی دوسری سہ ماہی 31 دسمبر 2017 کی اسی مدت کے ساتھ اور 31 دسمبر 2018 کو ختم ہونے والی ششماہی مع 31 دسمبر 2017 کی اسی مدت کے ساتھ غیر اذلت شدہ مالیاتی گھوشیہ کے ساتھ تاج کا موازنہ درج ذیل ہے۔

اکتوبر تا دسمبر 2018ء	اکتوبر تا دسمبر 2017ء	جولائی تا ستمبر 2018ء	جولائی تا ستمبر 2017ء
1,389	1,123	2,611	1,956
579	586	1,064	848
532	483	667	608
5.92	5.37	7.42	6.77
7.32	7.05	10.39	10.03
محصولات (ملین میں)			
خانہ مانع (ملین میں)			
خالص مانع (ملین میں)			
خالص مانع فی شخص (روپوں میں)			
EBITDA فی شخص (ملین شدہ) (روپوں میں)			

31 دسمبر 2018 کو ختم ہونے والی سہ ماہی کے دوران محصولات میں گذشتہ مالی سال کی اسی سہ ماہی میں درج محصولات کے مقابلے میں 24% تک اضافہ ہوا ہے۔ مطلق تعداد میں، کچھ کی نے گذشتہ مالی سال کے اسی سہ ماہی میں 1,123 ملین روپے کے مقابلے میں 1,389 ملین روپے کی خالص محصولات درج کی محصولات میں بنیادی طور پر اضافہ کا تک اور منگ پور میں دو گنا خالص سرمایہ پر NFS Ascent™ کے نفاذ کے ساتھ شکست لائیں محصولات کی وجہ سے ہے، جو بڑے معاہدے کا حصہ ہے، جس میں بارہ ماہ تک میں پلٹ فارم کے لئے آؤکاپچ فراہم کرنے، بحالی، خدمات اور موقع customization فیصلے شامل ہیں۔ اس کے علاوہ، کچھ کی sister concern کے گاہک NFS Ascent™ کے نفاذ کے لیے آؤکاپچ کی Provisioning کی کچھ کی نے آؤکاپچ محصولات 2022 میں روپے سے بڑھ کر 434 ملین روپے کی ہوئی ہے۔ ہم یہ بھی درخواست کچھ کی کے لیے خدمات کے شعبے میں مسلسل آمدنی کا ذریعہ ہے، کیونکہ کسٹمر کو اپنے زیر استعمال کسٹمر کو اپنا لینا چاہے کی ہمیشہ ضرورت رہتی ہے۔ موجودہ سہ ماہی کے دوران customization اور درخواست جبری کی میں مناسب آمدن محصول ہوتی ہے۔ اس کے علاوہ موجودہ سہ ماہی کے دوران بحالی کی محصولات 181 ملین روپے سے بڑھ کر 238 ملین روپے ہوئی۔ کچھ کی نے 15 IFRS کے اختیار کی وجہ سے موجودہ سہ ماہی کے دوران 162 ملین روپے کی Travel reimbursable محصولات کی رقم کو رقم بنیاد۔ اسی میں اسی کی رقم محصولات کی مدد سے تسلیم نہیں کیا جا رہا تھا۔ مانع نقصانات کے محصولات کی لاک کے کچھ کی میں اسی رقم سفر کی لاک کے طور پر درج ہے۔ کچھ کی نے گذشتہ مالی سال 483 ملین روپے کے مقابلے میں 532 ملین روپے کا خالص مانع قلمبند کیا ہے۔ خالص مانع میں 308 ملین روپے پاکستان روپے کی قدر میں حالیہ کی وجہ سے کچی تانے کے مانع سے منسلک ہے جس کا موازنہ 171 ملین روپے کا خالص مانع گذشتہ سال کے اسی عرصہ سے کیا گیا ہے۔ گذشتہ سال کی اسی مدت میں 5.37 روپے فی ملین شدہ فی شخص کے مقابلے میں 5.92 روپے فی شخص مانع تھا۔ کچھ کی نے اسی عرصے میں 7.05 روپے فی ملین شدہ فی شخص کے EBITDA خالص مانع کے مقابلے میں فی ملین شدہ فی شخص 7.32 روپے کا خالص EBITDA درج کیا۔ ششماہی بنیاد پر محصولات 1,956 ملین روپے کے مقابلے میں 2,611 ملین روپے کا خالص محصولات قلمبند کیا۔ خالص مانع گذشتہ سال کے 848 ملین روپے کے مقابلے میں 1,064 ملین روپے تک ہوا۔ کچھ کی نے گذشتہ مالی سال کی مدت کے دوران 608 ملین روپے کے مقابلے میں 667 ملین روپے کا خالص مانع درج کیا۔ 31 دسمبر 2018 کو ختم ہونے والے ششماہی کے لیے فی شخص کی فی ملین شدہ آمدنی اسی مدت میں 6.77 روپے کے مقابلے میں 7.42 روپے ہے۔ اسی مدت کے لیے ششماہی EBITDA مانع 10.03 روپے کے مقابلے میں 10.39 روپے ہے۔

#### مجموعی مالیاتی گھوشیہ

Discontinued Operations	Continued Operations	اکتوبر تا دسمبر 2018ء	اکتوبر تا دسمبر 2017ء	اکتوبر تا دسمبر 2018ء	اکتوبر تا دسمبر 2017ء
محصولات (ملین میں)					
خانہ مانع (ملین میں)					
خالص مانع (ملین میں)					

کچھ کی نے ماحولیت اور "نیٹ سول انوویوشن (پرائیویٹ) لمیٹڈ" کے مجموعی مالیاتی گھوشیہ سے بھی شامل کر دیے ہیں۔ جیسا کہ پہلے اعلان کیا جا چکا ہے، ماحولیت ادارے کی تمام سرگرمیاں 31 جولائی 2018 سے بند کردی گئی ہیں۔ 31 دسمبر 2018، کے ختم ہونے والی سہ ماہی کے لیے مجموعی محصولات گذشتہ مالی سال کے اسی سہ ماہی کے 1,208 ملین روپے کے مقابلے میں 1,389 ملین روپے تھے۔ مجموعی خانہ مانع گذشتہ مالی سال کی اسی سہ ماہی میں 596 ملین روپے کے مقابلے میں موجودہ سہ ماہی میں 579 ملین روپے تھے۔ مجموعی بنیاد پر کچھ کی نے 502 ملین روپے کے مقابلے میں 566 ملین روپے کا مجموعی خالص مانع موجودہ سہ ماہی میں درج کیا۔

#### Future Outlook: نظر

موجودہ جاری متعدد منصوبوں اور اپنی diverse clientele کے مخصوص نفاذ کے ساتھ ساتھ، ہم نے اپنی آنے والے سرمایوں میں اپنی اعلیٰ flagship مصنوعات NFS Ascent™ اور NetSol Financial Suite کا فروغ جاری رکھے کے ادارے کے ساتھ اپنی state-of-the-art سہ ماہی کے لیے ecosystem کے بنیاد اور لیونگ کے بہترین کامیابی کے باعث ہے۔ خاص توجہ دینا چاہیے کہ مختلف علاقوں میں خاطر خواہ توسیع حاصل کی ہے۔ NFS Digital ایک ایسا ecosystem ہے جس سے نئے سہ ماہی کے بہترین کامیابی کے باعث ہے۔ چین، انڈیا، تھائی لینڈ، آسٹریلیا، ہسٹائن، امریکا اور برطانیہ میں بڑی کمپنیوں سمیت کی مکمل کلائنٹس کی طرف سے system demonstrations کی درخواست بھی موصول ہوئی ہیں۔ اس کے علاوہ، innovation بھی اپنی آئندہ چین کی ترقی و توسیع کی بنیاد ہوئی اور مقامی کے میدان میں کچھ کی بڑی ترقی ثابت کر لی۔ یہ صرف موجودہ مصنوعات کو بڑھانے والے مستقبل میں مصنوعات کی تخلیق کرنے میں مدد کرے گی بلکہ اس کے نتیجے میں کچھ کی کے سلسلہ کو فروغ شکار اور نیا کاروبار پھیل چکی ہے۔

دیگر کاروبار کے اقدامات کے علاوہ، ہم نے آئندہ والے لیونگ کے اجلاسوں اور واقعات کو امریکہ، یورپ، جاپان اور خطے میں دوسرے ممالک میں شرکت کے لئے سائن اپ کیا ہے۔ ان ایونٹس میں ہماری سرمایہ گھوشیہ asset finance اور لیونگ کے شعبے کے کامیابی کے نتیجے سے ادارے کی مکمل leads برائی ہوئی ہے۔ یہ دنیا بھر میں بین الاقوامی اجلاس، کانفرنسوں اور واقعات (events) میں اپنی موجودگی کو برقرار رکھے گی۔

#### احزاب (Acknowledgement)

بورڈ آف ڈائریکٹرز کچھ کی کے شخص ہونگن، قابل قدر صابریں، مہار کی اداروں اور مالیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراج تحسین پیش کرتا ہے۔ بورڈ کچھ کی کے تمام ایگزیکٹوز اور اسٹاف ممبرز ان کی قابل قدر خدمات و وفاداری اداروں کی مسلسل کوششوں کو قدر کی نگاہ سے دیکھتا ہے اور انھیں بھی خراج تحسین پیش کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی کامیابیوں میں جادو جاری رہے گا۔

از طرف بورڈ آف ڈائریکٹر

سلیم اللہ غوری  
(چیف ایگزیکٹو آفیسر)

لاہور

12 فروری 2019ء

محمد شہباز غوری  
(ڈائریکٹر)



## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **NetSol Technologies Limited** as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Younus Kamran.

A handwritten signature in blue ink, appearing to read 'H.Y.K. &amp; Co.', is written over the printed name.

H.Y.K. & Co.  
Chartered Accountants  
Lahore:

Date: February 12, 2019





FINANCIAL  
**STATEMENTS**  
For The Half Year Ended December 31, 2018



## Condensed Interim Statement of Financial Position - Unaudited

As at December 31, 2018

	NOTE	Dec-18 Unaudited	Jun-18 Audited
Rupees in '000'			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	5	1,759,166	1,759,889
Intangible assets	6	1,361,153	1,507,905
		3,120,319	3,267,794
Long term investments	7	308,567	308,567
Long term loans to employees	8	738	356
		3,429,624	3,576,717
<b>CURRENT ASSETS</b>			
Trade debts	9	1,678,439	1,340,024
Contract assets		1,259,414	1,428,321
Loans and advances	10	135,325	38,489
Trade deposits & short term prepayments		26,031	17,756
Other receivables		40,385	25,908
Due from related parties		54,428	25,878
Taxation - net		56,670	53,879
Cash & bank balances		1,498,555	2,123,337
		4,749,247	5,053,592
<b>TOTAL ASSETS</b>		8,178,871	8,630,309
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital 150,000,000 ordinary shares of Rs.10/- each	11	1,500,000	1,500,000
Issued, subscribed and paid-up capital	11	897,229	897,029
Share deposit money		13	13
Reserves	12	5,473,429	5,788,908
		6,370,671	6,685,950
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		47,026	31,115
Deferred income		6,483	7,826
Long term advances		2,373	685
		55,882	39,626
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	433,684	503,417
Contract liabilities		276,212	371,243
Short term borrowings		1,000,000	1,000,000
Current portion of long term liabilities		36,911	27,124
Unclaimed dividend		5,511	2,949
		1,752,318	1,904,733
<b>CONTINGENCIES &amp; COMMITMENTS</b>	14	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		8,178,871	8,630,309

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**Condensed Interim Statement of Profit or Loss - Unaudited**  
For The Half Year Ended December 31, 2018

	NOTE	Oct-Dec 2018	Oct-Dec 2017	Jul-Dec 2018	Jul-Dec 2017
		Rupees in '000'		Rupees in '000'	
Revenue - net	15	1,389,441	1,123,064	2,611,316	1,955,704
Cost of revenue		(810,085)	(536,654)	(1,547,254)	(1,107,893)
<b>Gross profit</b>		<b>579,356</b>	<b>586,410</b>	<b>1,064,062</b>	<b>847,811</b>
Selling and promotion expenses		(144,811)	(96,630)	(263,074)	(169,591)
Administrative expenses		(213,757)	(164,703)	(441,250)	(322,375)
Other operating expenses		-	(854)	-	(991)
Other income		329,166	177,793	362,971	288,007
<b>Operating Profit</b>		<b>549,954</b>	<b>502,016</b>	<b>722,709</b>	<b>642,861</b>
Finance cost		(8,181)	(10,843)	(20,260)	(23,118)
<b>Profit before taxation</b>		<b>541,773</b>	<b>491,173</b>	<b>702,449</b>	<b>619,743</b>
Taxation					
Current Period	16	(11,881)	(8,153)	(37,245)	(11,040)
Prior Period	16	1,762	(435)	1,762	(435)
		(10,119)	(8,588)	(35,483)	(11,475)
<b>Profit after taxation for the period</b>		<b>531,654</b>	<b>482,585</b>	<b>666,966</b>	<b>608,268</b>
<b>Earnings per share</b>					
Basic - In Rupees	19	5.93	5.38	7.43	6.78
Diluted - In Rupees	19	5.92	5.37	7.42	6.77

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Statement of other Comprehensive Income - Unaudited  
For The Half Year Ended December 31, 2018

	Oct-Dec 2018	Oct-Dec 2017	Jul-Dec 2018	Jul-Dec 2017
	Rupees in '000'		Rupees in '000'	
Profit after taxation for the period	531,654	482,585	666,966	608,268
Other comprehensive income	-	-		
Total comprehensive Profit for the period	531,654	482,585	666,966	608,268

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**Condensed Interim Statement of Cash Flows - Unaudited**  
For The Half Year Ended December 31, 2018

	2018	2017
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation for the period	702,449	619,743
Adjustments for non cash charges and other items:		
Depreciation - own assets	94,303	114,791
Amortization of leased assets	12,080	6,724
Amortization of intangible assets	146,752	146,752
(Gain)/Loss on disposal of fixed assets	(2,620)	1,174
Amortization of deferred revenue	(1,343)	-
Exchange (gain) on debtors	(314,798)	(269,802)
Interest expense	19,599	22,326
Interest income	(42,492)	(10,046)
Deferred employee compensation expense	27,111	26,881
	(61,408)	38,800
<b>Cash generated from operations before working capital changes</b>	641,041	658,543
<b>Working Capital Changes</b>		
Trade debts	(735,117)	(785,167)
Loans and advances	(97,217)	(5,320)
Trade deposits & short term prepayments	(8,275)	(4,372)
Other receivables	(14,477)	(41,683)
Due from related parties	(28,550)	3,174
Trade and other payables	(68,566)	104,086
<b>Cash (used in) operations</b>	(952,202)	(729,282)
Interest paid	(20,769)	(26,209)
Income taxes paid	(38,274)	(13,479)
Dividend paid	(221,745)	(132,211)
<b>Net cash (used in) operations</b>	(591,949)	(242,637)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment's purchased	(121,129)	(27,957)
Sales proceeds of fixed asset	51,123	8,844
Advances against capital expenditure	(33,012)	6,861
Long term investment	-	(64,070)
Interest received	42,492	10,046
<b>Net cash (used in) investing activities</b>	(60,548)	(66,276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	200	500
Share premium	129	321
Paid against obligation under finance lease	(28,834)	(19,434)
Received against obligation under finance lease	53,474	12,520
Short term borrowing	-	(38,716)
Long term advances	2,746	(3,896)
<b>Net cash generated from (used in) financing activities</b>	27,715	(48,705)
<b>Net (decrease) in cash and cash equivalents</b>	(624,782)	(357,618)
<b>Cash and cash equivalents at the beginning of the period</b>	2,123,337	874,942
<b>Cash and cash equivalents at the end of the period</b>	1,498,555	517,324

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

## Condensed Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2018

	Issued, subscribed and paid- up capital	Share deposit money	Capital Reserve	Revenue Reserve		Total
			Employee share option compen- sation reserve	Share premium	Unappropri- ated profit	
	Rupees in '000'					
<b>Balance as at June 30, 2017</b>	896,359	13	74,890	302,579	4,418,672	5,692,513
Total comprehensive income for the period						
Net profit for the half year ended						
December 31, 2017	-	-	-	-	608,268	608,268
Shares issued against options exercised (50,000 shares at Rs. 10 each)	500	(821)	(74)	395		
Amount received against options exercised		821				821
Dividend paid					(130,045)	(130,045)
Contribution of parent on account of employee share options			26,881			26,881
	500	-	26,807	395	478,223	505,925
<b>Balance as at December 31, 2017</b>	896,859	13	101,697	302,974	4,896,895	6,198,438
<b>Balance as at June 30, 2018</b>	897,029	13	131,202	303,108	5,354,598	<b>6,685,950</b>
Total comprehensive income for the period						
Restatement on initial application of IFRS 15					(785,377)	<b>(785,377)</b>
Net Profit for the half year ended						
December 31, 2018	-	-	-	-	666,966	<b>666,966</b>
Shares issued against options exercised (20,000 shares at Rs. 10 each)	200	(328)	(30)	158		-
Amount received against options exercised		328				<b>328</b>
Dividend paid				-	(224,307)	<b>(224,307)</b>
Contribution of parent on account of employee share options	-	-	27,111	-	-	<b>27,111</b>
	200	-	27,082	158	(342,718)	<b>(315,279)</b>
<b>Balance as at December 31, 2018</b>	<b>897,229</b>	<b>13</b>	<b>158,284</b>	<b>303,266</b>	<b>5,011,879</b>	<b>6,370,671</b>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

## Notes to the Condensed Interim Financial Statements - Unaudited

For The Half Year Ended December 31, 2018

### 1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Technologies Limited ("the Company") was incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now Companies Act 2017) as a private company, limited by shares and was later on converted into public limited company on November 05, 2004 and subsequently listed on stock exchange on August 26, 2005. The company is listed at Pakistan Stock Exchange Limited. The business of the Company is development and sale of computer software and provision of related services in Pakistan as well as abroad.

Geographical location and addresses of business units:

Address/Location	Purpose
1 NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.	Registered office and business unit
2 43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi.	Branch office
3 House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan.	Branch office
4 Summitmas 2 Ground Floor Jl. Jend Sudirman Kav 61-62 Senayan-Kebayoran Baru Jakarta Selatan 12190, Indonesia	Branch office

The Company is a majority owned subsidiary of NetSol Technologies Inc., USA.

### 2. BASIS OF PREPARATION

#### 2.1 Separate financial statements

These condensed interim financial statements are separate condensed interim financial statements of the Company. Condensed consolidated interim financial statements of the company are prepared separately.

#### 2.2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

-Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed."

These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2018.

#### 2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value. These accounts have been prepared under accrual basis of accounting.

#### 2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupee, which is the Company's functional currency as well its presentation currency.

### 3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2018 except for change in revenue recognition policies detailed below.

### 3.2. Revenue recognition

The Company follows IFRS 15 for the recognition of revenue for all its revenue streams. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

The Company records the amount of revenue and related costs by considering whether the entity is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

The Company has two primary revenue streams: core revenue or non-core revenue.

#### Core Revenue:

The Company generates its core revenue from the export of (1) software licenses, (2) services, which include implementation, customization and other consulting services, and (3) maintenance, which includes post contract support, of its enterprise software solutions for the lease and finance industry. The Company offers its software using the traditional on-premises licensing model. The on-premises model involves the sale or license of software on a perpetual basis to customers who take possession of the software and install and maintain the software on their own hardware.

#### Non-Core Revenue:

The Company generates its non-core revenue by providing business process outsourcing ('BPO') services and other services (including maintenance services to its local customers)

#### Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identifies the performance obligations at contract inception so that the Company can monitor and account for the performance obligations over the life of the contract.

The Company's contract which contain multiple performance obligations generally consists of the initial sale of licenses and a professional services engagement. Contract generally have multiple performance obligations as customers purchase maintenance and services in addition to the licenses. The Company's single performance obligation arrangements are typically maintenance renewals, and professional services engagements.

For contracts with multiple performance obligations where the contracted price differs from the standalone selling price ('SSP') for any distinct good or service, the Company may be required to allocate the contract's transaction price to each performance obligation using its best estimate for the SSP.

#### Software Licenses:

Transfer of control for software is considered to have occurred either upon physical delivery of license through CD, USB or electronically using FTP or delivery of the license key by other electronic methods which provides immediate availability of the product to the customer. The Company's typical payment terms tend to vary by region, but its standard payment terms are within 30-120 days of invoice.

#### Maintenance:

Maintenance revenue is recognized ratably over the term of the maintenance period, which in most instances is one year. Software license updates provide customers with rights to unspecified software product updates, maintenance releases and patches released during the term of the support period on a when-and-if available basis. The Company's customers purchase both product support and license updates when they acquire new software licenses. In addition, a majority of customers renew their support services contracts annually and typical payment terms provide that customers make payment within 30-120 days of invoice.

**Professional Services:**

Revenue from professional services is typically comprised of implementation, development, customization, enhancements, data migration, training or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data conversion and building non-complex interfaces to allow the software to operate in integrated environments. The Company recognizes revenue for time-and-materials arrangements as the services are performed. In fixed fee arrangements, revenue is recognized as services are performed as measured by efforts incurred to date, compared to total estimated efforts to complete the services project. Management applies judgment while estimating efforts to complete the services projects. A number of internal and external factors can affect these estimates, including utilization and efficiency variances and specification and testing requirement changes. Services are generally invoiced upon milestones as agreed in the contract and payments are typically due 30-120 days after invoice.

**BPO Services:**

Revenue from BPO services is recognized when earned. Company recognizes revenue on issuance of billing to the customer.

### **3.3. Standards, amendments and interpretations to approved accounting standards that are effective in the current period**

#### **(i) IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Company implemented the new standard IFRS 15 Revenue from Contracts with Customers as of July 1, 2018. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The core principle of IFRS 15 is that revenue should be recognised for the amount that is the expected equivalent value of the performance obligation. The new standard employs a five-step model framework for determining the amount and timing of revenue in order to implement this principle.

The Company applied the modified retrospective method upon adoption of IFRS 15 on July 1, 2018. This method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings and not to restate prior years. The cumulative effect recorded at July 1, 2018 was a decrease to retained earnings of PKR 785.4 million.

For further information on the impact of adoption of IFRS 15 Revenue from Contracts with Customers see Note 18.

- (ii)** Certain other standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2018, but are neither relevant nor have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

## **4. USE OF ESTIMATES AND JUDGMENT**

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In preparing these condensed interim financial statements, the judgments, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the Company for the year ended June 30, 2018.

		Dec-18 Unaudited	Jun-18 Audited
		Rupees in '000'	
<b>5. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Opening Balance - net book value		1,759,889	1,898,191
Additions	5.1	164,308	207,946
		1,924,197	2,106,137
Less:			
Disposals - net book value	5.2	(58,670)	(97,526)
Depreciation & amortization		(106,361)	(248,722)
		1,759,166	1,759,889
<b>5.1 Following is the detail of addition / (transfer) :</b>			
Furniture & fixture		1,491	775
Vehicles		108,009	125,485
Office equipment		2,037	5,620
Computers		19,376	35,182
Air conditioners		382	3,712
Generator		-	12,058
Computer software		-	1,077
Advance against capital expenditure		33,012	24,036
Total		164,308	207,946

		Dec-18 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-18 Audited Accumulated Depreciation	Written down Value
		Cost	Rupees in '000'			
<b>5.2 Following is the detail of deletions</b>						
Furniture & fixture	622	322	300	3,046	1,913	1,133
Vehicles	74,375	16,061	58,313	126,814	50,139	76,675
Office equipment	-	-	-	2,445	1,619	826
Computers	219	163	56	33,403	29,068	4,336
Air conditioners	-	-	-	3,384	2,322	1,062
Generator	-	-	-	21,857	8,363	13,494
Total	75,216	16,546	58,670	190,949	93,423	97,526

		Dec-18 Unaudited	Jun-18 Audited
		Rupees in '000'	
<b>6. INTANGIBLE ASSETS</b>			
Opening Balance - net book value		1,507,905	1,801,409
Additions		-	-
		1,507,905	1,801,409
Less:			
Amortization		(146,752)	(293,504)
		1,361,153	1,507,905
<b>7. LONG TERM INVESTMENTS - at cost</b>			
WRLO3D Limited (Unquoted company)	7.1	293,379	293,379
NetSol Innovation (Pvt) Limited (Unquoted subsidiary company)	7.2	15,188	15,188
		308,567	308,567

- 7.1** During the fiscal year 2016, the Company entered into an agreement with WRLD3D Inc a USA based gaming and 3D mapping Company (a Delaware Corporation) to purchase 4,092,189 preference BB shares for \$2,777,778 which was to be earned over the period partly by providing IT and enterprise software solutions and partly in cash. Per agreement, the Company had to provide a minimum of \$200,000 of services in each three-month period and the entire balance was required to be provided within three years of the date of the agreement and the company has successfully complied with the terms and conditions of the agreement. The Company had provided services valued at \$2,777,778 (PKR 293,378,850) which is recorded as investment and 4,092,189 shares are issued to the company.
- 7.2** The subsidiary is incorporated in Pakistan. The principal place of business of subsidiary is situated at NetSol IT Village, (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan The Company holds 1,518,785 (2018 : 1,518,785) fully paid ordinary shares of Rs. 10/- each i.e. 50.52% of Equity held (2018 : 50.52%). Mr. Salim Ullah Ghauri is the Chief Executive Officer of the subsidiary company.

#### 8. LONG TERM LOANS TO EMPLOYEES-Unsecured

Considered good

##### Loan to employees

- to executives	8.1	55,246	1,082
- to non-executives	8.1	1,749	2,893
Less: current maturity		(56,257)	(3,619)
		738	356

**8.1** Loans are given to employees for their personal needs and deducted from salaries

#### 9. TRADE DEBTS

Considered good - unsecured	9.1	1,678,439	1,340,024
Considered doubtful - unsecured	9.2	48,318	70,528
		1,726,757	1,410,552
Less: Provision against doubtful recovery		(48,318)	(70,528)
		1,678,439	1,340,024

**9.1** It represents amount receivable from customers. It is unsecured but considered good by the management.

**9.2** This is a general provision created by the Company for any future doubtful trade debts.

**9.3** Amount receivable from related parties included in trade debts are as under:

NetSol Technologies (Thailand) Limited	191,998	167,661
NetSol Technologies (Beijing) Company Limited	510,497	74,807
NetSol Australia Pty. Limited	14,912	7,571
Netsol Technologies Americas	86,773	49,071
NetSol Technologies Europe Ltd	2,442	496
WRLD3D Inc	104,710	57,605
	911,332	357,211

#### 10. LOANS AND ADVANCES - Unsecured

Considered good

Current maturity of loans to employees

##### Advances

- to executives		-	-
- against expenses	10.1	78,916	34,717
		135,325	38,489

**10.1** Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

#### 11. SHARE CAPITAL

##### 11.1 Authorised share capital

Dec-18 Unaudited	Jun-18 Audited		Dec-18 Unaudited	Jun-18 Audited
Number of shares			Rupees in '000'	
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	1,500,000	1,500,000

##### 11.2 Issued, subscribed & paid-up capital

42,572,191	42,552,191	Ordinary Shares of Rs. 10 each fully paid in cash	425,722	425,522
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507	471,507
89,722,923	89,702,923		897,229	897,029

NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.20% (2018 : 66.21%) of issued capital of the Company.

	Dec-18 Unaudited	Jun-18 Audited
	Rupees in '000'	
<b>12. RESERVES</b>		
<b>Capital reserve</b>		
Premium on issue of ordinary shares	303,266	303,108
Employee share option compensation reserve	158,284	131,202
<b>Revenue reserve</b>		
Un - appropriated profit	5,011,879	5,354,598
	<b>5,473,429</b>	<b>5,788,908</b>

13. Trade and other payables also include payable to related parties, detail of which is given below:

13.1 DUE TO RELATED PARTIES				
<i>Parent</i>				
NetSol Technologies Inc.	13.1.1	-		92,962
<i>Associated</i>				
NetSol Technologies Europe Limited	13.1.1	5,664		6,397
		5,664		99,359

13.1.1 This relates to normal course of business of the Company and is interest free.

#### 14. CONTINGENCIES & COMMITMENTS

##### 14.1 Contingencies

14.1.1 Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages for malicious prosecution before the civil court, Lahore and has sought the damages to the tune of PKR 500 million. The case was filed after the complaint filed by NETSOL pertaining to use of NetSol's IP without authority by a company formed by Mr. Ahsan Zubair and his partner who was also an ex-employee of the Company. Keeping in view the facts and circumstances of the case, including the nature of evidence of the plaintiff and the laws applicable, it can safely be inferred that, on merits, no case for damages is made out. This is also endorsed by the fact that case is barred by the laws relating to limitation as it has been filed by some two years beyond prescribed time. Moreover none of the ingredients forming basis for allowing a case of malicious prosecution are attracted. Therefore, on the facts of the case, there appears to be no chances of the case being allowed and there is no likelihood of this case having any adverse financial impact on the Company.

14.1.2 While disposing off a show cause notice issued by FBR under section 161 of the Income Tax Ordinance, 2001 for the tax year 2015, the assessing authority, in its judgement dated 26-07-2016 contended and considered the commission paid to a non-resident as fee for technical services and imposed a tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. The company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. The decision is currently pending with the competent authority. The company is confident that final outcome will be in its favour and accordingly no provision has been made in these financial statements in this respect.

##### 14.2 Commitments

The Company has issued worth Rs. 11.489 million (2018: 9.289 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.

The Company has capital commitments of Rs. 4.45 million under capital purchase agreements as at December 31, 2018. (2018: 41.75 million)

	Oct-Dec 2018	Oct-Dec 2017	Jul-Dec 2018	Jul-Dec 2017
	Rupees in '000'		Rupees in '000'	
<b>15. REVENUE - NET</b>				
<b>Export Revenue</b>				
License	433,774	202,051	904,510	316,598
Services	555,408	740,445	994,484	1,282,793
Maintenance	235,448	180,568	445,068	356,313
Reimbursable expenses	162,062	-	261,755	-
	<b>1,386,692</b>	<b>1,123,064</b>	<b>2,605,817</b>	<b>1,955,704</b>
<b>Local Revenue</b>				
Maintenance	3,189	-	6,378	-
Sales tax	(440)	-	(880)	-
	<b>2,749</b>	<b>-</b>	<b>5,499</b>	<b>-</b>
	<b>1,389,441</b>	<b>1,123,064</b>	<b>2,611,316</b>	<b>1,955,704</b>

**16. TAXATION**

As per clause 133 of part 1 of the Second Schedule to the Income Tax Ordinance, 2001, income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to June 30, 2025 provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels. However tax as per applicable rates is charged to the income of the Company generated from other than core business activities.

**17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS****Financial risk factors**

The Company's activities expose it to a variety of financial risks namely market risk (including currency risk, price risk and interest rate risk), credit risk, foreign exchange risk and liquidity risk. There has been no change in the risk management policies during the period, consequently this condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements.

**Fair value of financial assets and liabilities**

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair value.

**18. Impacts of adoption of IFRS 15**

Note 3.2 & 3.3(i) explains the changes and new accounting policies introduced on July 1, 2018 resulting from the adoption of the new accounting standard IFRS 15 Revenue from Contracts with Customers.

The most significant impact to the company, upon adoption of IFRS 15, relates to the identification of contracts with customers, identification of distinct performance obligations and allocation of transaction price to the distinct performance obligations (based on their standalone selling prices).

In case of a multiple element arrangements (e.g contract to deliver various performance obligations to a single customer in various markets), the total transaction price of the bundled contract is allocated among the individual distinct performance obligations based on their relative standalone selling prices.

Company's contracts with customers' entail three separate performance obligations as follows:

1. Software licenses
2. Implementation, customization and consulting services
3. Maintenance services

Company identified all material and significant contracts in hand and not closed or completed by June 30, 2018 and applied IFRS 15 on those contracts to evaluate and analyse the impact IFRS 15 would have made on the revenue recognition from those contract. These contracts outline a fixed fee for the software license and maintenance services and provision of some other related services to the same customer. Total transaction price for these items was allocated to each of these performance obligations based on the relative standalone selling prices. Each performance obligation by geography is considered a distinct performance obligation. Accordingly, the transaction price was allocated based on relative standalone selling price by performance obligation and geography.

The adjustments made to items in the statement of financial position as of July 1, 2018 and attributable to IFRS 15 are as follows:

	Carrying amount in accordance with IAS 18 As on June 30, 2018	Adjustment	Carrying amount in accordance with IFRS 15 As on July 01, 2018
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>	1,428,321	(759,372)	668,949
Contract assets			
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Revenue reserve			
Un-appropriated profits	5,354,598	(785,377)	4,569,221
<b>CURRENT LIABILITIES</b>			
Contract liabilities	371,243	26,005	397,248

The following tables provide comparison of carrying values of relevant items from the financial statements as of December 31, 2018 in accordance with IFRS 15 as compared to the old accounting standard, IAS 18 and related interpretations:

	Carrying amount in accordance with IFRS 15 As on Dec 31, 2018	Adjustment	Carrying amount in accordance with IAS 18 As on Dec 31, 2018
<b>ASSETS</b>			
CURRENT ASSETS	1,259,414	899,721	2,159,135
Other receivable-Reimbursable cost	-	31,895	31,895
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
<b>Revenue reserve</b>			
Un-appropriated profits	5,011,879	950,936	5,962,815
<b>CURRENT LIABILITIES</b>			
Contract liabilities	276,212	107	276,319

	IFRS 15 Jul-Dec 2018	Adjustment	IAS 18 Jul-Dec 2018
<b>REVENUE</b>			
License revenue	904,510	19,427	923,937
Maintenance revenue	445,068	46,474	491,542
Revenue against reimbursable cost	261,755	(261,755)	-
<b>COST OF REVENUE</b>			
Travelling & Conveyance-Reimbursable cost	261,755	(261,755)	-
<b>OTHER INCOME</b>			
Gain on foreign currency translation	314,798	99,658	414,456

The overviews presented above contain only those items of financial statements that are affected by the application of IFRS 15.

	Oct-Dec 2018 Rupees in '000'	Oct-Dec 2017 Rupees in '000'	Jul-Dec 2018 Rupees in '000'	Jul-Dec 2017 Rupees in '000'
<b>19. EARNINGS PER SHARE</b>				
<b>Basic</b>				
Profit after taxation for the period	531,654	482,585	666,966	608,268
Weighted average number of ordinary shares in issue during the period	89,723	89,681	89,722	89,658
Basic - In Rupees	5.93	5.38	7.43	6.78
<b>Diluted</b>				
Profit after taxation for the period	531,654	482,585	666,966	608,268
Weighted average number of ordinary shares in issue during the period	89,831	89,807	89,833	89,803
Diluted - In Rupee	5.92	5.37	7.42	6.77

## 20. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, key management personnel of the company and post employment benefits. The Company in its normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows.

		Jul-Dec 2018	Jul-dec 2017
Relationship with the Company	Nature of transactions	Rupees in '000'	
(i) Subsidiary	Rental income	1,268	7,709
	Provision of services	1,581	2,700
	Mark-up expense	-	485
	Mark-up income	22	-
(ii) Associated undertaking	Rental income	450	450
	Provision of services	551,337	114,668
	Purchase of services	12,886	10,299
(iii) Parent	Dividend	118,793	68,836
	Repayment of loan	-	113,713
(iv) Key management personnels	Salaries and benefits	73,571	31,623
	Retirement benefits	1,454	976
	Commission paid	116,751	21,302
(v) Post employment benefit	Contribution to defined		
	contribution plan	49,880	32,451
(vi) There are no transactions with any key management personnel other than under the terms of employment.			

**21. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on February 12, 2019 by the Board of Directors.

**22. GENERAL**

Figures have been rounded off to the nearest thousand rupee unless otherwise stated.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR





CONSOLIDATED FINANCIAL  
**STATEMENTS**  
For The Half Year Ended December 31, 2018



**Condensed Consolidated Interim statement Of Financial Position - Unaudited**  
As at December 31, 2018

	NOTE	Dec-18 Unaudited	Jun-18 Audited
Rupees in '000'			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	5	1,759,166	1,759,889
Intangible assets	6	1,361,153	1,507,905
		3,120,319	3,267,794
Long term Investment	7	293,379	293,379
Long term loans to employees	8	738	356
		3,414,436	3,561,529
<b>CURRENT ASSETS</b>			
Trade debts	9	1,678,439	1,340,024
Contract assets		1,259,414	1,428,320
Loans and advances	10	135,325	38,489
Trade deposits & short term prepayments		26,031	17,756
Other receivables		40,385	25,908
Due from related parties		54,428	25,878
Taxation - net		56,670	53,879
Cash & bank balances	11	1,498,555	2,123,337
		4,749,247	5,053,591
Assets-Discontinued operations	15	424,823	441,866
<b>TOTAL ASSETS</b>		8,588,506	9,056,986
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	12	1,500,000	1,500,000
Issued, subscribed and paid-up capital	12	897,229	897,029
Share deposit money		13	13
Reserves	13	5,673,056	5,980,176
		6,570,298	6,877,218
Non - controlling Interest		209,882	201,697
		6,780,180	7,078,915
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		47,026	31,115
Deferred income		6,483	7,826
Long term advances		2,373	686
		55,882	39,627
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	433,684	503,417
Contract liabilities		276,212	371,243
Short term borrowings		1,000,000	1,000,000
Current portion of long term liabilities		36,911	27,124
Unclaimed dividend		5,511	2,949
		1,752,319	1,904,733
Liabilities-Discontinued operations	15	125	33,711
<b>CONTINGENCIES &amp; COMMITMENTS</b>	16	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		8,588,506	9,056,986

The annexed notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**Condensed Consolidated Interim Statement of Profit or Loss - Unaudited**  
For The Half Year Ended December 31, 2018

	NOTE	Oct-Dec 2018	Oct-Dec 2017 (Restated)	Jul-Dec 2018	Jul-Dec 2017 (Restated)
		Rupees in '000'		Rupees in '000'	
<b>Continuing operations</b>					
Revenue - net	17	1,389,441	1,123,064	2,611,316	1,955,704
Cost of revenue		(810,085)	(537,166)	(1,547,847)	(1,108,905)
<b>Gross profit</b>		579,356	585,898	1,063,469	846,799
Selling and promotion expenses		(144,811)	(96,630)	(263,074)	(169,591)
Administrative expenses		(213,757)	(165,557)	(442,238)	(324,062)
Other operating expenses		-	(854)	-	(991)
Other income		329,166	174,248	361,679	280,295
		(29,402)	(88,793)	(343,633)	(214,348)
<b>Operating profit</b>		549,954	497,105	719,836	632,451
Finance cost		(8,181)	(10,793)	(20,256)	(22,633)
<b>Profit before taxation from continuing operations</b>		541,773	486,312	699,580	609,818
Taxation					
Current period	18	(11,881)	(8,153)	(37,245)	(11,040)
Prior period	18	1,762	(435)	1,762	(435)
		(10,119)	(8,588)	(35,483)	(11,475)
<b>Profit after taxation for the period from continuing operations</b>		531,654	477,724	664,097	598,343
<b>Discontinued operations:</b>					
Profit after tax for the period from discontinued operations	15	33,669	23,818	19,413	61,725
<b>Profit for the period</b>		565,323	501,542	683,510	660,068
<b>Attributable to:</b>					
Equity holders of NetSol Technologies Limited		548,664	492,161	675,325	634,437
Non - controlling interest		16,659	9,381	8,185	25,631
		565,323	501,542	683,510	660,068
<b>Earning per share</b>					
Basic - In Rupees	21	6.12	5.49	7.53	7.08
Diluted - In Rupees	21	6.11	5.48	7.52	7.06
<b>Earnings per share for continuing operations</b>					
Basic - In Rupees	21	5.93	5.33	7.40	6.67
Diluted - In Rupees	21	5.92	5.32	7.39	6.66

The annexed notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**Condensed Consolidated Interim Statement of Other Comprehensive Income - Unaudited**  
For The Half Year Ended December 31, 2018

	<b>Oct-Dec 2018</b>	<b>Oct-Dec 2017 (Restated)</b>	<b>Jul-Dec 2018</b>	<b>Jul-Dec 2017 (Restated)</b>
	<b>Rupees in '000'</b>		<b>Rupees in '000'</b>	
<b>Profit after taxation for the period</b>	<b>565,323</b>	501,542	<b>683,510</b>	660,068
Other comprehensive income	-	-	-	-
<b>Total comprehensive Profit for the period</b>	<b>565,323</b>	501,542	<b>683,510</b>	660,068
<b>Attributable to:</b>				
Equity holders of NetSol Technologies Limited	<b>548,664</b>	492,161	<b>675,325</b>	634,437
Non - controlling interest	<b>16,659</b>	9,381	<b>8,185</b>	25,631
	<b>565,323</b>	501,542	<b>683,510</b>	660,068

*The annexed notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.*



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**Condensed Consolidated Interim Statement of Cash Flows - Unaudited**  
For The Half Year Ended December 31, 2018

	Jul-Dec 2018	Jul-Dec 2017
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation from continuing operations	699,580	609,818
Profit before taxation from discontinued operations	19,693	62,522
Profit before taxation for the period	719,273	672,340
Adjustments for non cash charges and other items:		
Depreciation - own assets	94,303	118,699
Amortization of leased assets	12,080	8,809
Amortization of intangible assets	146,752	146,752
(Gain)/Loss on disposal of fixed assets	(7,087)	1,875
Amortization of deferred revenue	(1,343)	-
Exchange (gain) on debtors	(348,318)	(292,850)
Interest expense	19,658	23,212
Interest income	(44,858)	(10,426)
Deferred employee compensation expense	27,111	26,881
(Gain) on short term investment	-	(2,265)
	(101,702)	20,686
<b>Cash generated from operations before working capital changes</b>	617,571	693,027
<b>Working Capital Changes</b>		
Trade debts	(715,559)	(877,757)
Loans and advances	(97,217)	(5,183)
Trade deposits & short term prepayments	(8,275)	(3,733)
Other receivables	(14,447)	(41,186)
Due from related parties	(27,596)	2,566
Trade and other payables	(88,090)	70,866
<b>Cash (used in) operations</b>	(951,185)	(854,427)
Interest paid	(20,828)	(27,095)
Income taxes paid	(38,845)	(14,517)
Dividend paid	(221,745)	(132,211)
<b>Net cash (used in) operations</b>	(615,032)	(335,223)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipments purchased	(121,129)	(28,870)
Sales proceeds of fixed asset	67,097	9,499
Capital work in progress	(33,012)	6,861
Long Term Investment	-	(64,070)
Gain on investments	-	2,265
Interest received	44,858	10,426
<b>Net cash (used in) investing activities</b>	(42,208)	(63,889)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	200	500
Share premium	129	321
Paid against obligation under finance lease	(33,974)	(23,531)
Received against obligation under finance lease	53,474	12,520
Short term borrowing	-	(38,716)
Long term advances	(5,051)	(130)
<b>Net cash generated from/ (Used in) financing activities</b>	14,778	(49,036)
<b>Net (decrease) in cash and cash equivalents</b>	(642,462)	(448,148)
<b>Cash and cash equivalents at the beginning of the period</b>	2,235,272	1,070,904
<b>Cash and cash equivalents at the end of the period</b>	1,592,810	622,756

The annexed notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

# Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2018

Attributable to equity holders of the Parent						Non Controlling Total Equity Interest		
	Issued, subscribed and paid-up capital	Share deposit money	Capital reserve		Revenue reserve	Total		
			Employee share option compensation reserve	Share premium	Unappropriated profit			
			Rupees In '000'					
Balance as at June 30, 2017	896,359	13	75,549	302,579	4,569,812	5,844,312	163,038	6,007,350
Total comprehensive income for the period								
Net profit for the half year ended								
December 31, 2017	-	-	-	-	634,437	634,437	25,631	660,068
Shares deposit money against options exercised	-	821	-	-	-	821	-	-
Shares issued against options exercised (50,000 shares at Rs. 10 each)	500	(821)	(74)	395			-	821
Distributions to owners								
cash dividend					(130,045)	(130,045)		(130,045)
Contribution of parent on account of employee share options			26,881			26,881		26,881
	500	-	26,807	395	504,392	532,094	25,631	557,725
Balance as at December 31, 2017	896,859	13	102,356	302,974	5,074,204	6,376,406	188,669	6,565,075
Balance as at June 30, 2018	897,029	13	131,860	303,108	5,545,208	6,877,218	201,697	7,078,916
Restatement on initial application of IFRS 15					(785,377)	(785,377)		(785,377)
Net profit for the half year ended								
December 31, 2018					675,325	675,325	8,185	683,510
Other comprehensive income								
Shares issued against options exercised (20,000 shares at Rs. 10 each)	200	(328)	(30)	158				
cash dividend	-				(224,307)	(224,307)		(224,307)
Contribution of parent on account of employee share options			27,111	-	-	27,111	-	27,111
Amount received against option exercised		328		-	-	328	-	328
	200	-	27,081	158	334,360	306,921	8,185	298,735
Balance as at December 31, 2018	897,229	13	158,941	303,266	5,210,848	6,570,298	209,882	6,780,180

The annexed notes from 1 to 25 form an integral part of these condensed consolidated interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

## Notes to the Condensed Consolidated Interim Financial Statements Unaudited

For The Half Year Ended December 31, 2018

### 1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

NetSol Technologies Limited ('the Company') was incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) as a private company, limited by shares and was later on converted into public limited company on November 05, 2004 and subsequently listed on stock exchange on August 26, 2005. The Company is listed on Pakistan Stock Exchange Limited. The business of the Company is development and sale of computer software and provision of related services in Pakistan as well as abroad.

Address/Location	Purpose
1 NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.	Registered office and business unit
2 43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi.	Branch office
3 House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan.	Branch office
4 Summitmas 2 Ground Floor Jl. Jend Sudirman Kav 61-62 Senayan- Kebayoran Baru Jakarta Selatan 12190, Indonesia	Branch office

NetSol Innovation (Private) Limited ('the subsidiary Company' or 'Subsidiary' ) is incorporated in Pakistan as a private limited company in which NetSol Technologies Limited has share holding of 50.52%. The subsidiary company is engaged in business of providing online software development services. The registered office of the Company is situated NetSol IT Village, Lahore Ring Road, Main Ghazi Interchange, Lahore Cantt. Pakistan.

NetSol Technologies Limited is a majority owned subsidiary of NetSol Technologies Inc., USA.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

-Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed."

These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2018.

#### 2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed in respective accounting notes. These accounts have been prepared under accrual basis of accounting.

#### 2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Pak Rupee, which is the Group's functional currency. All financial information presented in Pak Rupee has been rounded off to the nearest thousand unless stated otherwise.

### 3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2018 except for change in revenue recognition policies detailed below.

### 3.2. Revenue recognition

The Company follows IFRS 15 for the recognition of revenue for all its revenue streams. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

The Company records the amount of revenue and related costs by considering whether the entity is a principal (gross presentation) or an agent (net presentation) by evaluating the nature of its promise to the customer. Revenue is presented net of sales, value-added and other taxes collected from customers and remitted to government authorities.

The Company has two primary revenue streams: core revenue or non-core revenue.

#### Core Revenue:

The Company generates its core revenue from the export of (1) software licenses, (2) services, which include implementation, customization and other consulting services, and (3) maintenance, which includes post contract support, of its enterprise software solutions for the lease and finance industry. The Company offers its software using the traditional on-premises licensing model. The on-premises model involves the sale or license of software on a perpetual basis to customers who take possession of the software and install and maintain the software on their own hardware.

#### Non-Core Revenue:

The Company generates its non-core revenue by providing business process outsourcing ('BPO') services and other services (including maintenance services to its local customers)

#### Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identifies the performance obligations at contract inception so that the Company can monitor and account for the performance obligations over the life of the contract.

The Company's contract which contain multiple performance obligations generally consists of the initial sale of licenses and a professional services engagement. Contract generally have multiple performance obligations as customers purchase maintenance and services in addition to the licenses. The Company's single performance obligation arrangements are typically maintenance renewals, and professional services engagements.

For contracts with multiple performance obligations where the contracted price differs from the standalone selling price ('SSP') for any distinct good or service, the Company may be required to allocate the contract's transaction price to each performance obligation using its best estimate for the SSP.

#### Software Licenses:

Transfer of control for software is considered to have occurred either upon physical delivery of license through CD, USB or electronically using FTP or delivery of the license key by other electronic methods which provides immediate availability of the product to the customer. The Company's typical payment terms tend to vary by region, but its standard payment terms are within 30-120 days of invoice.

#### Maintenance:

Maintenance revenue is recognized ratably over the term of the maintenance period, which in most instances is one year. Software license updates provide customers with rights to unspecified software product updates, maintenance releases and patches released during the term of the support period on a when-and-if available basis. The Company's customers purchase both product support and license updates when they acquire new software licenses. In addition, a majority of customers renew their support services contracts annually and typical payment terms provide that customers make payment within 30-120 days of invoice.

**Professional Services:**

Revenue from professional services is typically comprised of implementation, development, customization, enhancements, data migration, training or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data conversion and building non-complex interfaces to allow the software to operate in integrated environments. The Company recognizes revenue for time-and-materials arrangements as the services are performed. In fixed fee arrangements, revenue is recognized as services are performed as measured by efforts incurred to date, compared to total estimated efforts to complete the services project. Management applies judgment while estimating efforts to complete the services projects. A number of internal and external factors can affect these estimates, including utilization and efficiency variances and specification and testing requirement changes. Services are generally invoiced upon milestones as agreed in the contract and payments are typically due 30-120 days after invoice.

**BPO Services:**

Revenue from BPO services is recognized when earned. Company recognizes revenue on issuance of billing to the customer.

**3.3. Standards, amendments and interpretations to approved accounting standards that are effective in the current period****(i) IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Company implemented the new standard IFRS 15 Revenue from Contracts with Customers as of July 1, 2018. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The core principle of IFRS 15 is that revenue should be recognised for the amount that is the expected equivalent value of the performance obligation. The new standard employs a five-step model framework for determining the amount and timing of revenue in order to implement this principle.

The Company applied the modified retrospective method upon adoption of IFRS 15 on July 1, 2018. This method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings and not to restate prior years. The cumulative effect recorded at July 1, 2018 was a decrease to retained earnings of PKR 785.4 million.

For further information on the impact of adoption of IFRS 15 Revenue from Contracts with Customers see Note 20.

- (ii) Certain other standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2018, but are neither relevant nor have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

**4. USE OF ESTIMATES AND JUDGMENT**

The preparation of condensed consolidated interim financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the judgements, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the company for the year ended June 30, 2018.

		Dec-18 Unaudited	Jun-18 Audited
		Rupees in '000'	
<b>5. PROPERTY, PLANT &amp; EQUIPMENT</b>			
Opening Balance - net book value		1,759,889	1,898,191
Additions	5.1	164,308	207,947
		1,924,197	2,106,138
Less:			
Disposals - net book value	5.2	(58,670)	(97,526)
Depreciation & amortization		(106,361)	(248,723)
		1,759,166	1,759,889
<b>5.1 Following is the detail of additions :</b>			
Furniture & fixture		1,491	775
Vehicles		108,009	125,485
Computers		19,376	35,182
Air conditioners		382	3,712
Office equipment		2,037	5,620
Generator		-	12,058
Computer software		-	1,077
Advance against capital expenditure		33,012	24,037
Total		164,308	207,947

		Cost	Dec-18 Unaudited Acc. Depreciation	Written down Value	Cost	Jun-18 Audited Acc. Depreci- ation	Written down Value
		Rupees in '000'					
<b>5.2 Following is the detail of deletions</b>							
Land - freehold					-	-	-
Furniture & fixture	622	322	300	3,046	1,913	1,133	
Vehicles	74,375	16,061	58,313	126,814	50,139	76,675	
Computers	219	163	56	33,403	29,067	4,337	
Air conditioners	-	-	-	3,384	2,322	1,062	
Office equipment	-	-	-	2,445	1,619	826	
Generator	-	-	-	21,857	8,364	13,493	
Total	75,216	16,546	58,670	190,949	93,423	97,526	

		Dec-18 Unaudited	Jun-18 Audited
		Rupees in '000'	
<b>6. INTANGIBLE ASSETS</b>			
Opening Balance - net book value		1,507,905	1,801,409
Additions		-	-
		1,507,905	1,801,409
Less:			
Amortization		(146,752)	(293,504)
		1,361,153	1,507,905
<b>7. LONG TERM INVESTMENTS - at cost</b>			
WRD3D Limited (Unquoted company)	7.1	293,379	293,379
		293,379	293,379

- 7.1 During the fiscal year 2016, the Company entered into an agreement with WRLD3D Inc a USA based gaming and 3D mapping Company (a Delaware Corporation) to purchase 4,092,189 preference BB shares for \$2,777,778 which was to be earned over the period partly by providing IT and enterprise software solutions and partly in cash. Per agreement, the Company had to provide a minimum of \$200,000 of services in each three-month period and the entire balance was required to be provided within three years of the date of the agreement and the company has successfully complied with the terms and conditions of the agreement. The Company had provided services valued at \$2,777,778 (PKR 293,378,850) which is recorded as investment and 4,092,189 shares are issued to the company.

#### 8. LONG TERM LOANS TO EMPLOYEES-Unsecured

		Dec-18	Jun-18
		Rupees in '000'	
Considered good			
<b>Loan to employees</b>			
- to executives	8.1	55,246	1,082
- to non-executives	8.1	1,749	2,893
Less: current maturity		(56,257)	(3,619)
		738	356

- 8.1 Loans are given to employees for their personal needs and deducted from salaries

#### 9. TRADE DEBTS

Considered good - unsecured	9.3	1,678,439	1,340,024
Considered doubtful - unsecured	9.2	48,318	70,528
		1,726,757	1,410,552
Less: Provision for doubtful debt		(48,318)	(70,528)
		1,678,439	1,340,024

- 9.1 It represents amount receivable from customers. It is unsecured but considered good by the management.

- 9.2 This is a general provision created by the Company for any future doubtful trade debts.

- 9.3 Amount receivable from related parties included in trade debts are as under:

NetSol Technologies (Thailand) Limited		191,998	167,661
NetSol Technologies (Beijing) Company Limited		510,497	74,807
NetSol Australia Pty. Limited		14,912	7,571
Netsol Technologies North Americas		86,773	49,071
NetSol Technologies Europe Ltd		2,442	496
WRLD3D Inc		104,710	57,605
		911,332	357,211

#### 10. LOANS AND ADVANCES - Unsecured

Considered good			
Current maturity of loans to employees	8	56,257	3,619
<b>Advances</b>			
- to executives		151	153
- against expenses	10.1.	78,916	34,717
		135,325	38,489

- 10.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

11. For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 Dec:

		Dec-18	Dec-17
		Rupees in '000'	
Cash and bank balances		1,498,555	517,324
Cash and bank balances-Discontinued operations	15	94,255	105,434
		1,592,810	622,758

#### 12. SHARE CAPITAL

##### 12.1 Authorised share capital

	Dec-18	Jun-18		Dec-18	Jun-18
	Unaudited	Audited		Unaudited	Audited
Number of shares				Rupees in '000'	
150,000,000	150,000,000		Ordinary Shares of Rs. 10 each.	1,500,000	1,500,000

##### 12.2 Issued, subscribed & paid-up capital

42,572,191	42,552,191	Ordinary Shares of Rs. 10 each fully paid in cash	425,722	425,522
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507	471,507
89,722,923	89,702,923		897,229	897,029

NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.20% (2018 : 66.21%) of issued capital of the Company.

		Dec-18 Unaudited	Jun-18 Audited
		Rupees in '000'	
<b>13. RESERVES</b>			
<b>Capital reserve</b>			
Premium on issue of ordinary shares		303,266	303,108
Employee share option compensation reserve		158,941	131,860
<b>Revenue reserve</b>			
Un - appropriated profit		5,210,848	5,545,208
		<b>5,673,056</b>	<b>5,980,176</b>
<b>14. Trade and other payables also include payable to related parties, detail of which is given below:</b>			
<b>14.1 Due to related party</b>			
<b>Parent</b>			
NetSol Technologies Inc.	14.1.1	-	92,962
<b>Associated</b>			
NetSol Technologies Europe Ltd	14.1.1	5,664	6,397
		<b>5,664</b>	<b>99,359</b>

**14.1.1** This relates to normal course of business of the Group and is interest free.

#### 15. DISCONTINUED OPERATIONS

On June 21, 2018, the company publicly announced the decision of its Board of Directors made in a board meeting held on June 20, 2018 to discontinue the operations of its subsidiary NetSol Innovation (Pvt) Limited. Subsidiary's outsourcing business partner in UK, Innovation Group had witnessed change in its management in last couple of years and the new management was not much interested in the insurance business and had decided to consolidate and reduce these operations across the globe. As a result of this decision, the subsidiary's outsourcing business was negatively impacted as they were the sole customers of the services provided by the joint venture. Moreover, the joint venture parties had also expressed their willingness to close the operations of NetSol Innovation (Pvt) Limited and as per mutual agreement last date of business operations of NetSol Innovation (Pvt) Limited was agreed to be July 31, 2018. At June 30, 2018, subsidiary NetSol Innovation (Pvt) Limited was classified as discontinued operation.

The major classes of assets and liabilities of NetSol Innovation (Pvt) Limited classified as discontinued operation are as follows:

<b>Assets</b>			
Property, plant and equipment		8,163	19,670
Trade debts		320,908	306,946
Other receivables		-	30
Income tax		1,497	2,332
Due from related parties		-	954
Cash & bank balances		94,255	111,935
Assets classified as discontinued operations		<b>424,823</b>	<b>441,866</b>
<b>Liabilities</b>			
Trade and other payables		125	19,650
Liabilities against assets subject to finance lease		-	5,140
Advances from employees against vehicles		-	7,797
Provision for taxation		-	1,124
Liabilities classified as discontinued operations		<b>125</b>	<b>33,711</b>

The results from operations of NetSol Innovation (Pvt) Limited for the year are presented below:

	Oct-Dec 2018	Oct-Dec 2017	Jul-Dec 2018	Jul-Dec 2017
	Rupees in '000'		Rupees in '000'	
Revenue-Export	-	84,956	8,339	204,152
Cost of revenue	43	(75,170)	(28,626)	(163,994)
<b>Gross profit/(loss)</b>	<b>43</b>	<b>9,786</b>	<b>(20,287)</b>	<b>40,158</b>
Administrative expenses	-	(761)	(334)	(2,170)
Other operating expenses	-	(97)	-	(701)
Other income	33,567	15,642	40,351	25,697
<b>Operating profit</b>	<b>33,610</b>	<b>24,570</b>	<b>19,730</b>	<b>62,984</b>
Finance cost	-	(210)	(37)	(461)
<b>Profit before taxation for the period from discontinued operations</b>	<b>33,610</b>	<b>24,360</b>	<b>19,693</b>	<b>62,523</b>
Taxation				
Current period	(298)	(198)	(637)	(454)
Prior period	357	(344)	357	(344)
<b>Profit after taxation for the period from discontinued operations</b>	<b>33,669</b>	<b>23,818</b>	<b>19,413</b>	<b>61,725</b>
<b>Earning per share</b>				
Profit after taxation for the year from discontinued operations	33,669	23,818	19,413	61,725
Less Non controlling interest	(16,659)	(9,381)	(8,185)	(25,631)
Profit from discontinued operations attributable to ordinary shareholders of NetSol Technologies Limited	17,010	14,437	11,227	36,093
Basic earning per share from discontinued operations	0.19	0.16	0.13	0.41
Diluted earning per share from discontinued operations	0.19	0.16	0.12	0.40

## 16. CONTINGENCIES & COMMITMENTS

### 16.1 Contingencies

- 16.1.1** Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages for malicious prosecution before the civil court, Lahore and has sought the damages to the tune of PKR 500 million. The case was filed after the complaint filed by NetSol pertaining to use of NetSol's IP without authority by a company formed by Mr. Ahsan Zubair and his partner who was also an ex-employee of the Company. Keeping in view the facts and circumstances of the case, including the nature of evidence of the plaintiff and the laws applicable, it can safely be inferred that, on merits, no case for damages is made out. This is also endorsed by the fact that case is barred by the laws relating to limitation as it has been filed by some two years beyond prescribed time. Moreover none of the ingredients forming basis for allowing a case of malicious prosecution are attracted. Therefore, on the facts of the case, there appears to be no chances of the case being allowed and there is no likelihood of this case having any adverse financial impact on the Company.

- 16.1.2** While disposing off a show cause notice issued by FBR under section 161 of the Income Tax Ordinance, 2001 for the tax year 2015, the assessing authority, in its judgment dated 26-07-2016 contended and considered the commission paid to a non-resident as fee for technical services and imposed a tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. The company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. The decision is currently pending with the competent authority. The company is confident that final outcome will be in its favour and accordingly no provision has been made in these financial statements in this respect.

### 16.2 Commitments

- 16.2.1** The Company has issued worth Rs. 11.489 million (2018: 9.289 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.
- 16.2.2** The Company has capital commitments of Rs. 4.45 million under capital purchase agreements as at December 31, 2018. (2018: 41.75 million)

	Oct-Dec 2018	Oct-Dec 2017 (Restated)	Jul-Dec 2018	Jul-Dec 2017 (Restated)
	Rupees in '000'		Rupees in '000'	
<b>17. REVENUE - NET</b>				
<b>Export Revenue</b>				
License	433,774	202,051	904,510	316,598
Services	555,408	740,445	994,484	1,282,793
Maintenance	235,448	180,568	445,068	356,313
Reimbursable expenses	162,062	-	261,755	-
<b>Local Revenue</b>	<b>1,386,692</b>	<b>1,123,064</b>	<b>2,605,817</b>	<b>1,955,704</b>
Maintenance	3,189	-	6,378	-
Sales tax	(440)	-	(880)	-
	<b>2,749</b>	<b>-</b>	<b>5,499</b>	
	<b>1,389,441</b>	<b>1,123,064</b>	<b>2,611,316</b>	<b>1,955,704</b>

**18. TAXATION**

As per clause 133 of part 1 of the Second Schedule to the Income Tax Ordinance, 2001, income of the Group from export of computer software and its related services developed in Pakistan is exempt from tax up to June 30, 2025 provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels. However tax as per applicable rates is charged to the income of the Group generated from other than core business activities.

**19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS****Financial risk factors**

The Company's activities expose it to a variety of financial risks namely market risk (including currency risk, price risk and interest rate risk), credit risk, foreign exchange risk and liquidity risk. There has been no change in the risk management policies during the period, consequently this condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements.

**Fair value of financial assets and liabilities**

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair value.

**20. Impacts of adoption of IFRS 15**

Note 3.2 & 3.3(i) explains the changes and new accounting policies introduced on July 1, 2018 resulting from the adoption of the new accounting standard IFRS 15 Revenue from Contracts with Customers.

The most significant impact to the company, upon adoption of IFRS 15, relates to the identification of contracts with customers, identification of distinct performance obligations and allocation of transaction price to the distinct performance obligations (based on their standalone selling prices).

In case of a multiple element arrangements (e.g contract to deliver various performance obligations to a single customer in various markets), the total transaction price of the bundled contract is allocated among the individual distinct performance obligations based on their relative standalone selling prices.

Company's contracts with customers' entail three separate performance obligations as follows:

1. Software licenses
2. Implementation, customization and consulting services
3. Maintenance services

Company identified all material and significant contracts in hand and not closed or completed by June 30, 2018 and applied IFRS 15 on those contracts to evaluate and analyse the impact IFRS 15 would have made on the revenue recognition from those contract. These contracts outline a fixed fee for the software license and maintenance services and provision of some other related services to the same customer. Total transaction price for these items was allocated to each of these performance obligations based on the relative standalone selling prices. Each performance obligation by geography is considered a distinct performance obligation. Accordingly, the transaction price was allocated based on relative standalone selling price by performance obligation and geography.

The adjustments made to items in the statement of financial position as of July 1, 2018 and attributable to IFRS 15 are as follows:

	Carrying amount in accordance with IAS 18 As on June 30, 2018	Adjustment	Carrying amount in accordance with IFRS 15 As on July 01, 2018
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>	1,428,321	(759,372)	668,949
Contract assets			
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
<b>Revenue reserve</b>			
Un-appropriated profits	5,354,598	(785,377)	4,569,221
<b>CURRENT LIABILITIES</b>			
Contract liabilities	371,243	26,005	397,248

The following tables provide comparison of carrying values of relevant items from the financial statements as of December 31, 2018 in accordance with IFRS 15 as compared to the old accounting standard, IAS 18 and related interpretations:

	Carrying amount in accordance with IFRS 15 As on Dec 31, 2018	Adjustment	Carrying amount in accordance with IAS 18 As on Dec 31, 2018
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Contract assets	1,259,414	899,721	2,159,135
Other receivable-Reimbursable cost	-	31,895	31,895
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
<b>Revenue reserve</b>			
Un-appropriated profits	5,210,848	950,936	6,161,784
<b>CURRENT LIABILITIES</b>			
Contract Liabilities	276,212	107	276,319
	<b>IFRS 15 Jul-Dec 2018</b>	<b>Adjustment</b>	<b>IAS 18 Jul-Dec 2018</b>
<b>REVENUE</b>			
License revenue	904,510	19,427	923,937
Maintenance revenue	445,068	46,474	491,542
Revenue against reimbursable cost	261,755	(261,755)	-
<b>COST OF REVENUE</b>			
Travelling & Conveyance-Reimbursable cost	261,755	(261,755)	-
<b>OTHER INCOME</b>			
Gain on foreign currency translation	314,798	99,658	414,456

The overviews presented above contain only those items of financial statements that are affected by the application of IFRS 15.

21. EARNING PER SHARE	Oct-Dec 2018	Oct-Dec 2017	Jul-Dec 2018	Jul-Dec 2017
Basic	Rupees in '000'		Rupees in '000'	
Profit attributable to ordinary shareholders of NetSol Technologies Limited	548,664	492,161	675,325	634,437
Profit from continuing operations attributable to ordinary shareholders of NetSol Technologies Limited	531,654	477,724	664,097	598,343
Weighted average number of ordinary shares in issue during the period	89,723	89,681	89,722	89,658
Basic - In Rupees	6.12	5.49	7.53	7.08
Basic - In Rupees Continued operations	5.93	5.33	7.40	6.67
Diluted	Rupees in '000'		Rupees in '000'	
Profit attributable to ordinary shareholders of NetSol Technologies Limited	548,664	492,161	675,325	634,437
Profit from continuing operations attributable to ordinary shareholders of NetSol Technologies Limited	531,654	477,724	664,097	598,343
Weighted average number of ordinary shares in issue during the period	89,831	89,807	89,833	89,803
Diluted - In Rupees	6.11	5.48	7.52	7.06
Diluted - In Rupees Continued operations	5.92	5.32	7.39	6.66

## 22. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, key management personnel of the company and post employment benefits. The Company in its normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows.

Relationship with the Company		Nature of transactions		Jul-Dec 2018	Jul-Dec 2017
				Rupees in '000'	
(i)	Associated undertaking	Rental Income		450	450
		Provision of services		559,676	318,820
		Purchase of services		12,886	10,299
(ii)	Parent	Dividend		118,793	68,836
		Repayment of loan		-	113,713
(iii)	Key management personnels	Salaries and benefits		73,571	31,623
		Retirement benefits		1,454	976
		Commission paid		116,751	21,302
(iv)	Post employment benefit	Contribution to defined contribution plan		49,880	37,846
(v) There are no transactions with any key management personnel other than under the terms of employment.					

**23. SEGMENT REVENUES AND RESULTS**

Following is an analysis of the Group's revenue and results by reportable segment.

Dec-18						
Continued operations				Discontinued operations		
NFS	IS & SSS	BPO	Total	BPO	Total	
Rupees in '000'						
Revenue - net						
External sales						
License	904,510	-	-	904,510	-	904,510
Services	911,982	-	82,501	994,484	8,339	1,002,823
Maintenance	445,068	5,499	-	450,567		450,567
Reimbursable expenses	246,720	-	15,035	261,755		261,755
Total revenue	2,508,281	5,498	97,537	2,611,316	8,339	2,619,655
Cost of revenue	(1,445,236)	(3,083)	(99,528)	(1,547,847)	(28,626)	(1,576,473)
Segment results	1,063,045	2,415	(1,991)	1,063,469	(20,287)	1,043,182
Unallocated corporate expenses:						
Selling and promotion expenses			(263,074) - (263,074)			
Administrative expenses			(442,238) (334) (442,572)			
Other income			361,679 40,351 402,030			
Finance cost			(20,256) (37) (20,293)			
Taxation			(35,483) (280) (35,763)			
Profit after taxation			664,097 19,413 683,510			

Dec-17						
Continued operations				Discontinued operations		
NFS	IS & SSS	BPO	Total	BPO	Total	
Rupees in '000						
Revenue - net						
External sales						
Licence	316,598	-	-	316,598	-	316,598
Services	1,178,208	-	104,585	1,282,793	204,152	1,486,945
Maintenance	356,313	-	-	356,313		356,313
Total revenue	1,851,119	-	104,585	1,955,704	204,152	2,159,856
Cost of revenue	(1,044,288)	(5,019)	(59,598)	(1,108,905)	(163,994)	(1,272,899)
Segment results	806,831	(5,019)	44,987	846,799	40,158	886,957
Unallocated corporate expenses:						
Selling and promotion expenses				(169,591)	-	(169,591)
Administrative expenses				(324,062)	(2,170)	(326,232)
Other operating expenses				(991)	(701)	(1,692)
Other income				281,264	25,697	306,961
Finance cost				(23,603)	(461)	(24,064)
Taxation				(11,475)	(798)	(12,273)
Profit after taxation				598,343	61,725	660,067

\*Key

NFS = NetSol Financial Suite & NFS Ascent

IS = Information Security and other services

BPO = Business Process Outsourcing

SSS = Software Services and Solutions

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected as provided under IFRS 8 'Operating Segments' (amended) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

**24. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on February 12, 2019 by the Board of Directors.

**25. GENERAL**

Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

  
CHIEF EXECUTIVE OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



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