

NetSol Technologies Ltd.

NetSol IT Village (Software Technology Park), Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. 54792, Pakistan.

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FORM-08 Date:21/02/2020

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Transmission of Quarterly Report for the Period Ended December 31, 2019

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended December 31, 2019 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.





NETSOL Technologies Limited

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

December 2019

adaptive

to your business, your growth & the future.

Proudly serving the world's top asset finance & leasing companies with smart software technology for decades.

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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

1st Floor Queen's Centre Shahra-e-Fatima Jinnah Lahore

BANKERS

Askari Bank Limited SAMBA Bank Limited MCB Bank Limited Al Baraka Bank Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Habib Metropolitan Bank Limited Faysal 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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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, Karachi-75400 Tel:+92-21-111-638-765

Fax:+92-21-3431-3464 **WEB PRESENCE**

www.netsolpk.com info@netsolpk.com

Directors' **Report**

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, 2019.

GENERAL OVERVIEW

For NETSOL, the past half year has ended with some fruitful implementations and potential leads. The Company continued to maintain its dominant role in the global asset finance and leasing industry, with continued successful implementations of our core, flagship product NFS Ascent™ for leading blue-chip organizations as well as a number of demos with noteworthy clients worldwide.

The company has successfully implemented its next-gen product NFS AscentTM in Hong Kong for a leading German auto captive. This implementation in Hong Kong is the latest in an ongoing series as part of a larger multi-country contract, originally signed in December 2015, to provide an existing NETSOL customer with an upgrade to the company's Next-Gen platform, NFS Ascent. The contract includes implementations, licenses, maintenance, services and expected customization fees for the platform covering deployments in 12 countries, altogether representing the largest contract in NETSOL company history. Hong Kong marks the eighth deployment to 'Go Live" following successful implementations in Japan, China, South Africa, Thailand. New Zealand. Australia and South Korea.

NETSOL went live with its NFS Digital mCollector application (Mobile Collector) for a top-tier multi-finance company in Indonesia. This implementation, part of a larger contract originally signed in 2018, was carried out to transform the client's existing business practices through the use of new digital technology.

FINANCIAL PERFORMANCE

Comparisons of un-audited financial results of the second quarter ended December 31, 2019 with the corresponding period of fiscal year 2019 and cumulative results for the half year ended December 31, 2019 with those of December 31, 2018 are given below:

SEDARATE	FINIANCIAL	STATEMENTS

Particulars	Oct-Dec 2019	Oct-Dec 2018	Jul-Dec 2019	Jul-Dec2018
Revenue (in million)	1,270	1,389	2,588	2,611
Gross profit (in million)	410	579	921	1,064
Net profit / (loss) (in million)	140	532	(49.9)	667
EPS / (LPS) – diluted (in Rs.)	1.55	5.92	(0.56)	7.42
EBITDA per share – diluted (in Rs.)	3.51	7.32	2.61	10.39

Revenues during the quarter ended December 31, 2019 slightly decreased by 9% compared to the revenues posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted a net revenue of PKR 1,270 million compared to PKR 1,389 million in the same quarter of last fiscal year. The generation of revenue for the current quarter is mainly associated with services and maintenance revenue streams. The company is able to increase its revenue from services and maintenance streams in the current quarter as compared to the previous fiscal year. Service revenue increased from PKR 717 million to PKR 840 million. In addition to it, maintenance revenue also grew from PKR 238 million to PKR 430 million during the current quarter. The increase in maintenance revenue is mainly associated with different customers going into maintenance phase after their successful implementation and 'Go Live". Gross profit slightly decreased to PKR 410 million compared to PKR 579 million in the corresponding period. The Company posted a net profit of PKR 140 million compared to PKR 532 million last year. Included in net profit is PKR 8.5 million on account of currency exchange gain due to devaluation of Pakistani Rupee against other currencies compared to PKR 308 million in the comparable period. Company also recorded share of loss from associate amounting to PKR 17.6 million compared to NIL in the corresponding period. Earnings per diluted share were PKR 1.55 in comparison of PKR 5.92 in the corresponding period of last fiscal year. Company posted net EBITDA profit of PKR 3.51 per diluted share compared to an EBITDA profit of PKR 7.32 per share in the corresponding period. On half yearly basis, Company posted net revenues of PKR 2,588 million compared to PKR 2,611 million in the corresponding period. Gross profit slightly decreased to PKR 921 million in comparison of PKR 1,064 million last year. The Company posted a net loss of PKR 49.9 million in comparison of net profit of PKR 667 million during the same period last year. Diluted loss per share for the half year ended December 31, 2019 were PKR 0.56 in comparison of earnings per share of PKR 7.42 in the corresponding period. Half year EBIDTA profit for the current period was PKR 2.61 compared to PKR 10.39 in the preceding period.

The Company also consolidates financial results of its subsidiary 'NetSol Innovation (Pvt) Limited". Previously the subsidiary company had been classified as discontinued operations effective July 31, 2018. Now the Board of Directors has decided to reclassify the subsidiary company from discontinued operations to continued operations. Net consolidated revenues for the quarter ended December 31, 2019 were PKR. 1,270 million compared to PKR 1,389 million in 2018. Consolidated gross profit for the quarter was PKR 410 million compared to PKR 579 million in the same period last year. On a consolidated basis, the company posted net consolidated loss of PKR 39 million in the current quarter compared to profit of PKR 565 million in the same period last year. Diluted loss per share for the quarter ended December 31, 2019 were PKR 0.65 in comparison of earnings per share of PKR 6.11 in the corresponding period.

FUTURE OUTLOOK

Despite the fierce competition in every region NETSOL operates in, it continues to maintain its dominance in the global asset finance and leasing industry. With monumental roll-outs of the company's core, next-gen solution NFS Ascent in the United Kingdom and North America, and NETSOL's existing stronghold in Asia Pacific, the company is confident that further significant contracts and subsequent implementations are to follow worldwide. Along with its premier product NFS Ascent, the company will continue to promote its suite of digital solutions for the global asset finance and leasing industry, NFS Digital, across all regions.

In view of NETSOL's innovation-focused operations, the company continues to invest heavily on research and development. The company maintains following its primary principle of being adaptive, by working on various technologies that have gained significant traction within the global asset finance and leasing industry. These technologies include, but are not limited to, Artificial Intelligence, Big Data, Blockchain and Fintech.

The company will continue to exhibit at and attend industry-leading events, conferences, summits and conventions across the globe in order to continue its lead generation. NETSOL is scheduled to have a powerful presence at upcoming, premium events in the United States, Europe, Australia, China, Indonesia and Thailand.

The outbreak of Corona virus is challenging the company's business in China. The company is however, fully committed to deliver to its customers even with the travel restrictions in and out of China. But conversion of potential sales leads may get delayed due to this issue. As a precaution, the Company has already pulled back its human resources from China office and client sites. Since business activities are quite slow in China, new customers are taking more than usual time in finalizing and signing of new deals.

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

February 12, 2020 Lahore

Director

ہمیں خوش ہے کے نیٹ سول ٹیکنالوجیر لمیٹلر کے بورڈ آف ڈائر کیٹرز کی جانب ہے کمپنی کا 32 دہبر 2019 موقٹم ہونے والے ششمان عرصہ کے لئے غیر آؤٹ شدہ مالیاتی گوشوار پے بھٹول مجموعی مالیاتی لوشوارے چیش کر ہے ہیں۔

عموی جائزہ:۔(General Overview)

نیٹ مول کے لیے آٹر شیز ششان کی چیٹر آور نیازات (implementations) اور مکد leads کے ساتھ ختم ہوئی ہے۔ کمپٹی نے عالمی asset finance اور لیز مگ کی صنعت میں مسلسل کلیدی حیثیت کو برقر ار رکھا ہے۔اس کے ساتھ مساتھ کپٹی نے اپنا مرکز کی صوف و میر MrS Ascent کا نا مگر ان کی اور مدہ وف اداروں میں مصرف ننا ذکریا بلکٹر کی قاتل ذکر اداروں کو demo بھی چیٹر ہے۔

میں میں میں انٹرو نیٹیا میں ایک الخل در ہے کہا ٹی انٹاکس کیٹی کے گئا اپنی NFS Digital mCollector بیٹراکیٹنل کا انٹاذ کیا ہے۔ یہ نظاذ ،امسل میں 2018ء میں و تنظر کیے گئا ایک جد ہے۔ معاہدے کا لیک حصہ ہے، جو کرنٹی و بیٹنل کیٹنا لوبی کے استعمال کے ذریعے کا بحث کے موجود وکاروباری طریقتوں کوئیر میں کرنے کے لیے انجام دیا گیا تھا۔

الیاتی کارکردگی (Financial performance)

۔ 31د دبمبر 2019ء کو ٹتر ہونے فالی دوسری سے ماہی ٹے 2018ء کی ای مدت کے ساتھ اور 31 دبمبر 2019ء کو ٹتر ہونے والی ششماہی ٹن 31 دبمبر 2018ء کی ای مدت کے ساتھ فیمر آؤٹ شدہ مالیاتی گوٹٹوارے کے نتائی کام واز خدرین دیل ہے۔

ا كۋېرتادىمبر 2018ء	ا كۋېرتادىمبر 2019ء	ا كتوبرتا دىمبر 2018ء	ا كتوبرتادىمبر 2019ء	
2,611	2,588	1,389	1,270	محصولات (ملين ميں)
1,064	921	579	410	خام منافع (ملین میں)
667	(49.9)	532	140	صافی نفع/(نقصاب)('ملین میں)
7.42	(0.56)	5.92	1.55	منافع /نقصان في تخصص يحليل شده (رويوں ميں)
10.39	2.61	7.32	3.51	EBITDA في خصص شحليل شده (روپول ميس)

165 کیبر 2010 کوفتر ہونے والی سبائی کے دوران محصولات میں گرائٹ شد الی سال کی ای سبائی میں درج محصولات کے بیداوار بنیاوی طور پرخد مات اور بحالی کی محصولات کے بیداوار بنیاوی طور پرخد مات اور بحالی کی محصولات کے بیداوار بنیاوی طور پرخد مات اور بحالی کی محصولات کے بیداوار بنیاوی طور پرخد مات اور بحالی کی محصولات کے بیداور بنیاوی طور پرخد مات اور بحالی کی محصولات کے بیداور بنیاوی طور پر آن صادر بحض کی محصولات کے بعد محکولات میں محصولات کے محصولات محصولات

ستنقبل كانقط نظر Future Outlook

سعیت میں میں اپنی برتری برقرار رکھے ہوئے ہے کہ ہوئے کے باو بودہ عالی asset finance اور لیزنگ انٹرسٹری میں اپنی برتری برقرار رکھے ہوئے ہے۔ کینی کی بنیادی مصنوعات Party میں میں اپنی برتری برقرار رکھے ہوئے ہے۔ کہتری اہم solution NFS Ascent کی برطانیہ اورشٹالی امریکہ یہ میں کا میں اپنی کو کیٹون سے کہتری اہم معاہدوں اوراس کے بود در مصنوعات کے معاہدوں اوراس کے بود میں اپنی asset finance اور لیزنگ انٹرسٹری میں NFS Ascent کی اپنی اطل مصنوعات کے ساتھ میٹنی عالمی asset finance اور لیزنگ انٹرسٹری میں اسلام کو جاری رکھے گیا۔ ریٹن میں اپنے ذیجیٹن سلوشنز (digital solutions) کے فروش کو جاری رکھے گیا۔

نیٹ سول کی جدت پرٹن سرگر میوں کے بیٹی نظر کھنی تختیق اور تہ تی پر بحداری سر اید کاری کرتی رہتی ہے کہ بیٹی متعدد نبیکنا الوجیر پر کام کر کے ان میں ڈھل جانے کے لیے اپنے بنیاد کی اصوال پٹل چراہے جس سے Aritificial Intelligence, Big Data, میں نمایال مقام حاصل کیا ہے۔ ان شیکنا الوجیر میں (global asset finance) میں نمایال مقام حاصل کیا ہے۔ ان شیکنا الوجیر میں آئی ہیں۔ (Fintechain شال ہیں میکن الن التا میں وہندیں ہیں۔

و المراق المراق

کمپنی کے کاروپارکوچنین شرکروناوائرس کی ویا سے مشکلات دردیش بیں ستاتھ، کمپنی چین کے اندرونی و میرونی سؤری پایندی ہونے کے باوجرودبھی اپنے سارفین کوخد سات مہا کر نے کے لیے پرعزم ہے۔ تاہم اس مسئلہ دیدے تکنیفر وخت کے مواقع شریعاتی ہے۔ احتیاط کے طور پیہ کپنی پہلے ہی چین انس اور client sites سے بیٹا ان لیے منے صارفین سے معاہدوں کی فیصلہ سازی شرن یا دووقت لے رہے ہیں۔

اعتراف(Acknowldgement)

بورڈ آف ڈائر کیٹرز کمپنی کے صف یافتگان، قابل قدر رصارفین، سرکاری اداروں اور مالیاتی اداروں کی جانب سے تمایت و معاونت کے لیےان کی تعریف کرتا ہے اورخراج تحسین چیش کرتا ہے۔ بورڈ کمپنی کے تمام ایگز میکٹرز اور اسٹاف مجمرز کاان کی قابلی قدر ضدمات وفاداری اوران کی مسلسل کوششوں کوقدر کی نگاہ ۔۔۔ دیکٹ ہے اور انھیس نجی کراج تحسین چیش کرتا ہے کہ مستقبل میں بھی ان کی تکلساند کوششیس جاری وساری دیں گی۔۔

ازطرف بوردً آف دائرَ يكثر

گر ىلىم اللەغورى

سلیم اللهٔ غوری (چیف ایگزیکٹوآ فیسر)

لا ہور 12 فروری ، 2020ء

" عمرغوری (ڈائریکٹر)



INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF NETSOL TECHNOLOGIES LIMITED REPORT 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, 2019 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, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standards 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.

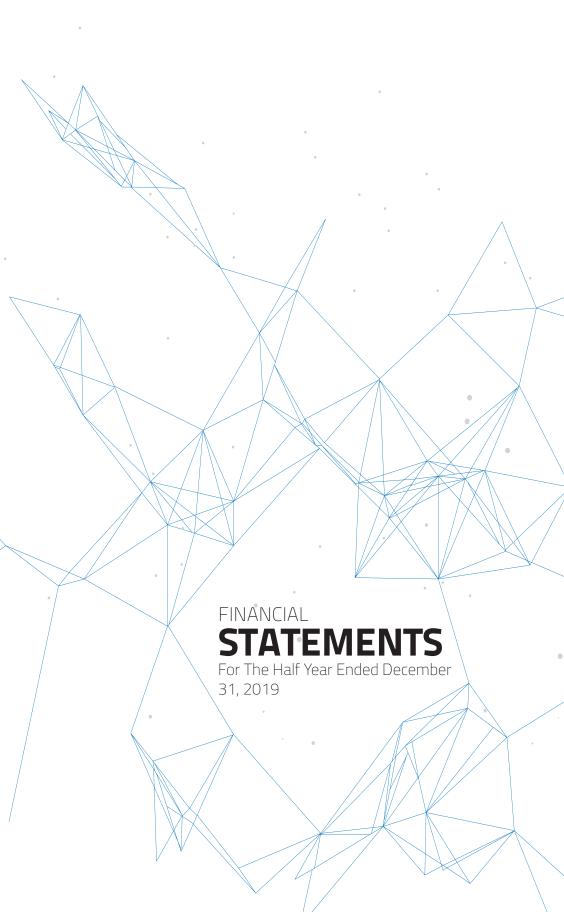
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are 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.

H.Y.K & Co.

Chartered Accountants Lahore: February 12, 2020



Condensed Interim Statement of Financial Position - Unaudited As at December 31, 2019

	NOTE	Dec-19	lun-19
	NOTE	Unaudited	Audited
		Rupees	
ASSETS		Rupees	000
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,635,520	1,679,165
Intangible assets	6	1,067,649	1,214,401
		2,703,169	2,893,566
Long term investments	7	269,729	308,567
Long term loans to employees	8	558	470
		2,973,456	3,202,603
CURRENT ASSETS			
Trade debts	9	1,733,325	2,531,603
Contract assets		1,523,487	1,167,646
Loans and advances	10	45,346	52,261
Trade deposits & short term prepayments		34,930	20,948
Other receivables		15,304	7,219
Due from related parties		219,075	23,117
Taxation - net		22,179	52,716
Cash & bank balances		2,045,842	1,951,746
		5,639,488	5,807,256
TOTAL ASSETS		8,612,944	9,009,859
EQUITY & LIABILITIES SHARE CAPITAL & RESERVES			
	11	1,500,000	1 500 000
Authorized share capital 150,000,000 ordinary shares of Rs.10/- each Issued, subscribed and paid-up capital	11	898,369	1,500,000 897,229
Share deposit money		13	13
Reserves	12	5,695,426	5,982,218
reserves	12	6,593,808	6,879,460
NON-CURRENT LIABILITIES		0,555,555	0,075,400
Lease liabilities		35,294	55,404
Deferred income		3,797	5,140
Long term advances		6,816	5,143
		45,907	65,687
CURRENT LIABILITIES		15,251	
Trade and other payables	13	459,402	491,754
Contract liabilities		83,014	468,828
Short term borrowings		1,380,000	1,053,000
Current portion of long term liabilities		44,435	46,947
Unclaimed dividend		6,378	4,183
		1,973,229	2,064,712
CONTINGENCIES & COMMITMENTS	14	_	-
TOTAL EQUITY AND LIABILITIES	,	8,612,944	9,009,859

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

On.

JAYL

Condensed Interim Statement of Profit or Loss - Unaudited For The Half Year Ended December 31, 2019

		Oct-Dec	Oct-Dec	Iul-Dec	Iul-Dec
	NOTE			,	,
	NOTE	2019	2018	2019	2018
			Rupees in '000'		in '000'
Revenue from contracts with customers - net	15	1,270,148	1,389,441	2,587,731	2,611,316
Cost of revenue		(859,710)	(810,085)	(1,666,653)	(1,547,254)
Gross profit		410,438	579,356	921,078	1,064,062
Selling and promotion expenses		(130,065)	(144,811)	(272,665)	(263,074)
Administrative expenses		(205,005)	(172,984)	(395,470)	(364,921)
		(335,070)	(317,795)	(668,135)	(627,995)
Operating Profit		75,368	261,561	252,943	436,067
Other income		276,412	329,166	314,787	362,971
		351,780	590,727	567,730	799,038
Other operating expenses		(95,120)	(40,773)	(446,608)	(76,329)
Finance cost		(12,164)	(8,181)	(21,402)	(20,260)
Share of loss of Associate		(17,645)	-	(38,432)	-
Profit before taxation		226,851	541,773	61,288	702,449
Taxation					
Current Period	16	(87,174)	(11,881)	(111,165)	(37,245)
Prior Period	16	-	1,762	-	1,762
		(87,174)	(10,119)	(111,165)	(35,483)
Profit / (Loss) after taxation for the period		139,677	531,654	(49,877)	666,966
Earnings / (Loss) per share					
Basic - In Rupees	18	1.55	5.93	(0.56)	7.43
Diluted - In Rupees	18	1.55	5.92	(0.56)	7.42

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

Condensed Interim Statement of other Comprehensive Income - Unaudited For The Half Year Ended December 31, 2019

	Oct-Dec 2019 Rupees	Oct-Dec 2018 in ' 000 '	Jul-Dec 2019 Rupees	Jul-Dec 2018 in ' 000 '
Profit / (Loss) after taxation for the period	139,677	531,654	(49,877)	666,966
Other comprehensive income / (Loss)				
Other comprehensive income / (Loss) that may be reclassified to profit or loss in subsequent periods (net of tax):				
Share of other comprehensive income / (Loss) of an associate	1,031	-	(406)	-
Total comprehensive income / (Loss) for the period	140,708	531,654	(50,283)	666,966

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



CHIEF EXECUTIVE OFFICER

Py.

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CHIEF FINANCIAL OFFICER DIRECTOR

	Int Dec	Ind. Dec
	Jul-Dec	Jul-Dec
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	Rupees	in '000'
Profit before taxation for the period	61,288	702,449
Adjustments for non cash charges and other items:	01,200	702,449
Depreciation - own assets	85,431	94,303
Amortization of Right of Use Assets	14,577	12,080
Amortization of intangible assets	146,752	146,752
(Gain) on disposal of fixed assets	(36)	(2,620)
Amortization of deferred revenue	(1,343)	(1,343)
Foreign exchange Loss / (gain)	240,213	(314,798)
Interest expense	20,615	19,599
Interest income	(94,574)	(42,492)
Dividend income	(218,384)	(42,432)
Deferred employee compensation expense	14,321	27,111
Provision for ECL on Trade debts and contract assets	46.874	27,111
Share of loss of Associate	38,432	
Judie of 1055 of Associate	292,878	(61,408)
Cash generated from operations before working capital changes	354,166	641,041
Working Capital Changes	33.1,1.00	011,011
Trade debts & Contract Assets/Liabilities	(230,465)	(735,117)
Loans and advances	6,827	(97,217)
Trade deposits & short term prepayments	(13,982)	(8,275)
Other receivables	(8,085)	(14,477)
Due from related parties	(195,958)	(28,550)
Trade and other payables	(32,717)	(68,566)
Cash (used in) operations	(474,380)	(952,202)
Interest paid	(20,250)	(20,769)
Income taxes paid	(80,628)	(38,274)
Dividend paid	(249,348)	(221,745)
Net cash (used in) operations	(470,440)	(591,949)
CASH FLOWS FROM INVESTING ACTIVITIES		, , , , , , , , , , , , , , , , , , , ,
Property, plant and equipment's purchased	(84,872)	(121,129)
Sales proceeds of fixed asset	5,690	51,123
Advances against capital expenditure	22,854	(33,012)
Interest received	94.574	42,492
Net cash generated from/(used in) investing activities	38,247	(60,548)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	1,140	200
Share premium	714	129
Paid against lease liabilities	(20.934)	(28.834)
Received against lease liabilities	(==,== .,	53,474
Short term borrowing	327,000	,
Dividend received	218,384	_
Long term advances	(15)	2,746
Net cash generated from financing activities	526,289	27,715
Net Increase / (Decrease) in cash and cash equivalents	94,096	(624,782)
Cash and cash equivalents at the beginning of the period	1,951,746	2,123,337
Cash and cash equivalents at the end of the period	2,045,842	1,498,555

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

Condensed Interim Statement of Changes in Equity - Unaudited For The Half Year Ended December 31, 2019

	Issued, Share sub- de- scribed posit and mon- Employ- Share Foreign		Revenue Reserve				
	and paid-up capital	mon- ey	Employ- ee share option com- pen- sation reserve	Share premi- um	Foreign cur- rency trans- lation reserve	Unapprop- riated profit	Total
			Rı	peesIr	n '0 0 0'		
Balance as at June 30, 2018	897,029	13	131,202	303,108	-	5,354,598	6,685,950
Restatement on initial application of IFRS 15						(785,377)	(785,377)
Net profit for the period	-	-	-	-	-	666,966	666,966
Shares issued against options exercised	200	(328)	(30)	158	-		
(20,000 shares at Rs. 10 each)							
Amount received against options exercised		328					328
Dividend paid						(224,307)	(224,307)
Contribution of parent on account of employee share options			27,111				27,111
employee share options	200	-	27,082	158	-	(342,718)	(315,279)
Balance as at December 31, 2018	897,229	13	158,284	303,266	-	5,011,879	6,370,671
P. I	007.770	42	466.267	202.255		5 542 505	6070/60
Balance as at June 30, 2019	897,229	13	166,367	303,266		5,512,585	6,879,460
Net loss for the period					(1,05)	(49,877)	(49,877)
Other comprehensive loss for the period					(406) (406)	((0.077)	(406)
Total comprehensive loss for the period Shares issued against options exercised	1.140	- (1,872)	(168)	900	(406)	(49,877)	(50,283)
(114.000 shares at Rs. 10 each)	1,140	(1,0/2)	(100)	900			-
Dividend paid						(251,543)	(251,543)
Amount received against option exercised		1,872				(251,545)	1,872
Lapse of 13,500 share options		1,072	(20)				(20)
Contribution of parent on account of			, -,	-		-	
employee share options	-		14,321			-	14,321
	1,140	-	14,133	900	(406)	(301,420)	(285,652)
Balance as at December 31, 2019	898,369	13	180,500	304,167	(406)	5,211,165	6,593,808

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



1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Technologies Limited ('the Company"), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now Companies Act 2017) as a private company limited by shares, was later on converted into public limited company and subsequently listed on Pakistan Stock Exchange on August 26, 2005. Main business of the Company is development and sale of computer software and allied 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

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;
- -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, 2019.

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, 2019 except for change in accounting policies for leases detailed below.

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

(i) IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Company implemented the new standard IFRS 16 Leases as of July 1, 2019. The company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) The effect of adoption IFRS 16 is as follows:

The company has lease contracts for various vehicles and computer equipments. Before the adoption of IFRS 16, the company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. On Initial application date, company had lease contracts in place which were previously classified as finance lease or operating lease under IAS 17, There is no material change in accounting for leases previously classified as finance lease under IAS 17 and for all leases previously classified as operating leases management has assessed and concluded these to be short term leases which under new IFRS 16 will continue to be accounted for as expense on a straight line basis.

Therefore, the adoption of IFRS 16 at 01 July 2019 did not have any monetary impact on the recognition and measurement of leases and thus didn't affect the financial statements of the Company.

b) Summary of new accounting policies

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term. Right-of-use assets are also subject to impairment.

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At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

(ii) Certain other standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2019, 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, 2019.

							Dec-19	Jun-19
							Unaudited	Audited
								in '000'
	PROPERTY,	PLANT & EQUIPMENT						
	Net book va	lue of owned assets				5.1	1,511,008	1,506,400
	Net book va	lue of right of use assets				5.2	124,512	149,911
	Advances ag	gainst capital expenditur	2				-	22,854
							1,635,520	1,679,165
	5.1 PROPI	ERTY, PLANT & EQUIPME	NT					
	Openi	ng Balance - net book va	lue				1,506,400	1,635,90
	Additi	ons				5.1.1	95,694	207,560
							1,602,094	1,843,46
	Less:							
	Dispos	sals - net book value				5.1.2	(5,654)	(142,654
	Depre	ciation & amortization					(85,432)	(194,407
_							1,511,008	1,506,40
	5.1.1	Following is the detail of	f addition	/ (transfer)				
		Furniture & fixture					2,432	4,59
		Vehicles					51,116	161,42
		Office equipment					3,290	4,06
		Computers					35,479	31,81
		Air conditioners					2,744	5,65
		Computer software					634	
_		Total					95,694	207,560
				Dec-19 Unaudited			Jun-19 Audited	
	5.1.2 F	ollowing is the detail of		Accumulated	Written down		Accumulated	Written down
	d	eletions	Cost	Depreciation	Value	Cost	Depreciation	Value
					Rupees	in '000'		
		ure & fixture	-	-	-	1,563	755	80
	Vehicl		9,335	4,442	4,893	165,142	24,302	140,84
		equipment	-	-	-	87	46	4
	Comp		1,131	952	179	4,574	3,624	95
_		nditioners	1,926	1,343	582	42	29	1
_	Total		12,391	6,737	5,654	171,409	28,755	142,65
_	F 2 DICUTO	OF USE ASSETS						
							149,911	02.00
	Addition	Balance - net book valu	9			5.2.1	149,911	92,99
_	Addition	15				5.2.1	149,911	102,85 195,84
	Less:						149,911	190,04
		la				5.2.2	(10,822)	14.5.47
		ls - net book value				5.2.2		(16,177
_	Deprecia	ation & amortization					(14,577)	(29,760 149,91
_	5.2.1	Following is the data?	f additi-	/ /two.n.cf \			124,512	149,91
	5.2.1	Following is the detail of	addition	/ (cransrer):				00.55
		Vehicles					-	96,55
		Computers	-				-	6,30
		Total					_	102,85

269,729

308,567

	5.2.2 Following is the detail of deletions	Cost	Dec-19 Unaudited Accumulated Depreciation	Written down Value Rupees	Cost in '000'	Jun-19 Audited Accumulated Depreciation	Written down Value
	Vehicles	20,320	9,498	10,822	32,499	16,321	16,177
	Total	20,320	9,498	10,822	32,499	16,321	16,177
						Dec-19 Unaudited	Jun-19 Audited
						Rupees	in '000'
6.	INTANGIBLE ASSETS						
	Opening Balance - net book value					1,214,401	1,507,905
						1,214,401	1,507,905
	Less:						
	Amortization					(146,752)	(293,505)
						1,067,649	1,214,401
7.	LONG TERM INVESTMENTS - at cost						
	Investment in subsidiary - at cost						
	NetSol Innovation (Pvt) Limited (Unc	uoted subs	sidiary company)		7.1	15,188	15,188
	Investment in associate						
	WRLD3D Inc. (Unquoted company)				7.2	254,541	293,379

- 7.1 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 (2019: 1,518,785) fully paid ordinary shares of Rs. 10/- each i.e. 50.52% of Equity held (2019: 50.52%)
- 7.1.1 Board of Directors through their board meeting held on December 3, 2019 made the decision to change the plan to discontinue the operations of its subsidiary NetSol Innovation (Pvt) Limited. The decision was made based on the fact that subsidiary holds profound business profile and has been in existence for more than 1 decade. Subsidiary's sound business profile and a length of established business history coupled with holding necessary IT related certifications may be used advantageously in undertaking various future projects by utilizing the platform of subsidiary company.
 - Accordingly classification of subsidiary company was changed from discontinued operations to continued operations w.e.f. December 3, 2019.
- 7.2 During the fiscal year 2016, the Company entered into an agreement with WRLD3D Inc a USA based gaming and 3D mapping Company (a Delware 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. The company had successfully complied with the terms and conditions of the agreement and 4,092,189 shares are issued to the company. Company holds 12.2% ownership interest in WRLD3D. The Company uses equity method to account for investment in associate.

8. LONG TERM LOANS TO EMPLOYEES-Unsecured

Loan to employees	8.1	6,535	5,237
Less: current maturity		(5,977)	(4,767)
		558	470

8.1 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements

9. TRADE DEBTS

Considered good - unsecured	9.1	1.733.325	2.531.603
Considered doubtful - unsecured	9.2	163.332	116,629
Considered doubtral - unsecured	9.2	103,332	110,029
		1,896,657	2,648,232
Less: Provision against expected credit losses		(163,332)	(116,629)
		1.733.325	2.531.603

- 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:

		Dec-19	Jun-19
		Unaudited	Audited
		Rupees	in '000'
	NetSol Technologies (Thailand) Limited	162,836	179,957
	NetSol Technologies (Beijing) Company Limited	855,432	604,477
	NetSol Australia Pty. Limited	13,546	14,156
	NetSol Technologies Americas	167,177	139,767
	WRLD3D Inc	190,648	166,417
		1,389,638	1,104,774
10.	LOANS AND ADVANCES - Unsecured		
	Current maturity of loans to employees 8	5,977	4,767
	Advances		
	- to executives	10	33
	- against expenses 10.1	39,359	47,461
		45,346	52,261

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-19	Jun-19		Dec-19	Jun-19
	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
11.2	Issued, subscri	bed & paid-up ca	apital		
	42,686,191	42,572,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,862	425,722
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507	471,507
	89,836,923	89,722,923	·	898,369	897,229

NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.12% (2019:66.20%) of issued capital of the Company.

12. RESERVES		
Capital reserve		
Premium on issue of ordinary shares	304,167	303,266
Employee share option compensation reserve	180,500	166,367
Foreign currency translation reserve	(406)	-
Revenue reserve		
Un - appropriated profit	5,211,165	5,512,585
	5,695,426	5,982,218

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

13.1 DUE TO RELATED PARTIES

Parent			
NetSol Technologies Inc.	13.1.1	-	19,779
Associated			
NetSol Technologies Europe Limited	13.1.1	7,435	7,076
Nadoz Green		267	300
		7,702	27,155

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 dated 26th January 2013 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 26th July 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 dated 24th August 2016 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 competent authority has made decision on 6th november 2019 against the company. The company has filed an appeal against the decision u/s 31 to Income Tax Appellate Tribunal (ITAT) dated 31st december 2019. The company is confident that final outcome will be in its favor and accordingly no provision has been made in these financial statements in this respect.

14.2 Commitments

The Company has issued worth Rs. 11.488 million (2019: 11.488 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.

The Company has capital commitments of Rs. Nil under capital purchase agreements as at December 31, 2019. (2019: 16.8 Million)

in '000'	Rupees	in '000'	
2018	2019	2018	
Oct-Dec	Jul-Dec	Jul-Dec	
5		2018 2019	2018 2019 2018

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

DISAGGREGATION OF REVENUE:

Export Revenue

Export Revenue				
License	-	433,774	389,129	904,510
Services	839,731	717,470	1,375,503	1,256,239
Maintenance	427,393	235,448	817,050	445,068
	1,267,124	1,386,692	2,581,682	2,605,817
Local Revenue				
Maintenance	3,508	3,189	7,016	6,378
Sales tax	(484)	(440)	(968)	(880)
	3,024	2,749	6,049	5,499
	1,270,148	1,389,441	2,587,731	2,611,316

16. TAXATION

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 as per clause 133 of part 1 of the Second Schedule to the Income Tax Ordinance, 2001. 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.

		Oct-Dec	Oct-Dec	Jul-Dec	Jul-Dec
		2019	2018	2019	2018
		Rupees	in '000'	Rupees	in '000'
18.	EARNINGS / (LOSS) PER SHARE				
	Basic				
	Profit / (Loss) after taxation for the period	139,677	531,654	(49,877)	666,966
	Weighted average number of ordinary shares in issue during the period	89,837	89,723	89,821	89,722
	Basic - In Rupees	1.55	5.93	(0.56)	7.43
	Diluted				
	Profit / (Loss) after taxation for the period	139,677	531,654	(49,877)	666,966
	Weighted average number of ordinary shares in issue during the period	89,837	89,831	89,834	89,833
	Diluted - In Rupee	1.55	5.92	(0.56)	7.42

19. 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		
(i)	Subsidiary	Rental income	-	1,268
		Provision of services	-	1,581
		Dividend received	213,888	-
		Mark-up income	-	22
(ii)	Associated undertaking	Rental income	450	450
		Provision of services	551,391	551,337
		Purchase of services	14,873	12,886
		Purchase of assets	180	_
(iii)	Parent	Dividend	116,417	118,793
(iv)	Key management personnel	Salaries and benefits	90,240	73,571
		Retirement benefits	2,588	1,454
		Commission paid	108,454	116,751
(v)	Post employment benefit	Contribution to defined		
		contribution plan	57,921	49,880

⁽vi) There are no transactions with any key management personnel other than under the terms of employment.

20. CORRESPONDING FIGURES

Corresponding figures have been re-classified for better presentation, in respect of following:

From	То		
Research and development cost-Administrative expenses	Research and development cost- Other Operating expenses	159,521	76,329
Provision for doubtful debts-Ad- ministrative expenses	Provision for doubtful debts-Other Operating expenses	46,874	-
Reimbursable expenses Export revenue	Services revenue Export revenue	155,830	261,755

21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 12, 2020 by the Board of Directors.

22. GENERAL

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









Condensed Consolidated Interim statement Of Financial Position - Unaudited As at December 31, 2019

	NOTE	Dec-19 Unaudited	Jun-19 Audited (Restated)
		Rupees	in '000'
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,642,816	1,686,461
Intangible assets	6	1,067,649	1,214,401
		2,710,465	2,900,862
Long term Investment	7	254,541	293,379
Long term loans to employees	8	558	470
		2,965,564	3,194,711
CURRENT ASSETS			
Trade debts	9	1,733,325	2,878,928
Contract assets		1,523,487	1,167,646
Loans and advances	10	45,346	52,261
Trade deposits & short term prepayments		34,930	20,948
Other receivables		15,304	7,219
Due from related parties		219,075	23,117
Taxation - net		22,179	52,716
Cash & bank balances		2,078,509	2,053,102
		5,672,155	6,255,936
TOTAL ASSETS		8,637,719	9,450,647
EQUITY & LIABILITIES SHARE CAPITAL & RESERVES			
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	898,369	897,229
Share deposit money		13	13
Reserves	12	5,700,370	6,197,317
		6,598,752	7,094,559
Non - controlling Interest		19,207	225,035
		6,617,959	7,319,594
NON-CURRENT LIABILITIES			
Lease liabilities		35,294	55,404
Deferred income		3,797	5,140
Long term advances		6,815	5,143
		45,906	65,687
CURRENT LIABILITIES			
Trade and other payables	13	460,027	492,409
Contract liabilities		83,014	468,827
Short term borrowings		1,380,000	1,053,000
Current portion of long term liabilities		44,435	46,947
Unclaimed dividend		6,378	4,183
		1,973,854	2,065,366
CONTINGENCIES & COMMITMENTS	15	-	
TOTAL EQUITY AND LIABILITIES		8,637,719	9,450,647

The annexed notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.

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Condensed Consolidated Interim Statement of Profit or Loss - Unaudited For The Half Year Ended December 31, 2019

	NOTE	Oct-Dec 2019	Oct-Dec 2018 (Restated)	Jul-Dec 2019	Jul-Dec 2018 (Restated)
		Rupees		Rupees	
Revenue from contracts with customers - Net	16	1,270,148	1,389,441	2,587,731	2,619,655
Cost of revenue		(859,710)	(810,042)	(1,666,653)	(1,576,473)
Gross profit		410,438	579,399	921,078	1,043,182
Selling and promotion expenses		(130,065)	(144,811)	(272,665)	(263,074)
Administrative expenses		(205,005)	(172,984)	(395,470)	(366,243)
		(335,070)	(317,795)	(668,135)	(629,317)
Operating profit		75,368	261,604	252,943	413,865
Other income		70,856	362,733	101,769	402,030
		146,224	624,337	354,712	815,895
Other operating expenses		(68,040)	(40,773)	(434,870)	(76,329)
Finance cost		(12,168)	(8,181)	(21,412)	(20,293)
Loss of share from Associate		(17,645)	-	(38,432)	-
Profit / (Loss) before taxation		48,371	575,383	(140,002)	719,273
Taxation					
Current period	17	(87,328)	(12,179)	(111,970)	(37,882)
Prior period	17	-	2,119	-	2,119
		(87,328)	(10,060)	(111,970)	(35,763)
(Loss) / Profit after taxation for the period		(38,957)	565,323	(251,972)	683,510
Attributable to:					
Equity holders of NetSol Technologies Limited		(58,625)	548,664	(260,031)	675,325
Non - controlling interest		19,669	16,659	8,059	8,185
		(38,957)	565,323	(251,972)	683,510
(Loss) / Earnings per share					
Basic - In Rupees	19	(0.65)	6.12	(2.89)	7.53
Diluted - In Rupees	19	(0.65)	6.11	(2.89)	7.52

The annexed notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.



Condensed Consolidated Interim Statement of Other Comprehensive Income - Unaudited For The Half Year Ended December 31, 2019

	Oct-Dec 2019	Oct-Dec 2018 (Restated)	Jul-Dec 2019	Jul-Dec 2018 (Restated)	
	Rupees	in '000'	Rupees	s in '000'	
(Loss) / Profit after taxation for the period	(38,957)	565,323	(251,972)	683,510	
Other comprehensive income / (Loss)					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Share of other comprehensive income /(loss) of an associate	1,031	-	(406)	-	
Total comprehensive (Loss) / Income for the period	(37,926)	565,323	(252,378)	683,510	
Attributable to:					
Equity holders of NetSol Technologies Limited	(57,594)	548,664	(260,437)	675,325	
Non - controlling interest	19,669	16,659	8,059	8,185	
	(37,926)	565,323	(252,378)	683,510	

The annexed notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.



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Condensed Consolidated Interim Statement of Cash Flows - Unaudited For The Half Year Ended December 31, 2019

	NOTE	Jul-Dec 2019	Jul-Dec 2018
CASH FLOWS FROM OPERATING ACTIVITIES		Rupees	IN 000
(Loss) / Profit before taxation for the period		(140,002)	719,273
Adjustments for non cash charges and other items:		(140,002)	713,273
Depreciation - own assets		85,431	94,303
Amortization of Right of use assets		14,577	12,080
Amortization of intangible assets		146,752	146,752
(Gain) on disposal of fixed assets		(36)	(7,087)
Amortization of deferred revenue		(1,343)	(1,343)
Foreign exchange Loss / (gain)		240,216	(348,318)
Interest expense		20,615	19,658
Interest income		(99,940)	(44,858)
Deferred employee compensation expense		14.321	27.111
Provision for expected credit losses		46.874	27,111
Share of loss of Associate		38.432	_
Share of 1033 of Associate		505,899	(101,702)
Cash generated from operations before working capital changes		365,898	617,571
Working Capital Changes		303,030	017,571
Trade debts & Contract Assets/Liabilities		116,860	(715,559)
Loans and advances		6.827	(97,217)
Trade deposits & short term prepayments		(13,982)	(8,275)
Other receivables		(8,085)	(14,447)
Due from related parties		(195,959)	(27,596)
Trade and other payables		(32,747)	(88,090)
Cash (used in) operations		(127,086)	(951,185)
Interest paid		(20,250)	(20,828)
Income taxes paid		(81,433)	(38,845)
Dividend paid		(463,236)	(221,745)
Net cash (used in) operations		(326,107)	(615,032)
CASH FLOWS FROM INVESTING ACTIVITIES		(320,107)	(015,052)
Property, plant and equipment purchased		(84,872)	(121,129)
Sales proceeds of fixed asset		5,690	67,097
Advances against capital expenditure		22,854	(33,012)
Interest received		99.940	44,858
Net cash generated from/ (used in) investing activities		43,609	(42,208)
CASH FLOWS FROM FINANCING ACTIVITIES		43,003	(42,200)
Issuance of share capital		1.140	200
Share premium		714	129
Paid against lease liabilities		(20,934)	(33,974)
Received against lease liabilities		(20,554)	53,474
Short term borrowing		327,000	
Long term advances		(15)	(5,051)
Net cash generated from financing activities		307,905	14,778
Net increase /(decrease) in cash and cash equivalents		25.407	(642,462)
•		2,053,102	2,235,272
Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period		2,053,102	1,592,810
cush and cush equivalents at the end of the period		2,070,303	טוטיזכריו

The annexed notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited For The Half Year Ended December 31, 2019

			Attributable	to equity hole	ders of the Pa	rent		Non Controlling Interest	Total Equity
	Issued, subscribed and paid-up capital	Share deposit money	Ca	apital reserve	≥	Revenue reserve	Total		
			Employee share option compe-nsa- tion reserve	Share premium	Foreign currency translation reserve	Unappropri ated profit			
			R	upees In	'0 0 0'				
Balance as at June 30, 2018	897,029	13	131,860	303,108	-	5,545,208	6,877,218	201,697	7,078,915
Restatement on initial application of IFRS 15 Net profit for the half year ended						(785,377)	(785,377)		(785,377)
December 31, 2018	_	_	_	_	_	675,325	675,325	8.185	683,510
Shares deposit money against options exercised	-	328	-	-	-	-	328	-	328
Shares issued against options exercised	200	(328)	(30)	158	-			-	-
(20,000 shares at Rs. 10 each)									
Distributions to owners									
cash dividend						(224,307)	(224,307)		(224,307)
Contribution of parent on account of employee share options			27,111				27,111		27,111
	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
Balance as at June 30, 2019	897,229	13	167,025	303,266	_	5,727,026	7,094,559	225,035	7,319,594
Net loss for the period	_		_			(260,031)	(260,031)	8,059	(251,972)
Other comprehensive loss for the period					(406)		(406)		(406)
Total comprehensive loss for the period					(406)	(260,031)	(260,437)	8,059	(252,378)
Shares issued against options exercised (114,000 shares at Rs. 10 each)	1,140	(1,872)	(168)	900					
cash dividend						(251,543)	(251,543)	(213,888)	(465,431)
Contribution of parent on account of employee share options			14,321	-		-	14,321	-	14,321
Lapse of 13,500 share options			(20)				(20)		(20)
Amount received against option excercised		1,872		-		-	1,872	-	1,872
	1,140	-	14,133	900	(406)	(511,575)	(495,807)	(205,829)	(701,636)
Balance as at December 31, 2019	898,369	13	181,158	304,167	(406)	5,215,451	6,598,752	19,207	6,617,959

The annexed notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.



CHIEF EXECUTIVE OFFICER

DIRECTOR

For The Half Year Ended December 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

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

Addres	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

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 at 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, 2019.

2.2 Basis of measurement

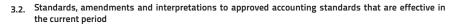
These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed in respective accounting notes. These accounts have been prepared under accrual basis of accounting.

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 Group for the year ended June 30, 2019 except for change in accounting policies for leases detailed below.



(i) IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Group implemented the new standard IFRS 16 Leases as of July 1,2019. The group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

a) The effect of adoption IFRS 16 is as follows:

The group has lease contracts for various vehicles and computer equipments. Before the adoption of IFRS 16, the group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased asset was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. On Initial application date, group had lease contracts in place which were previously classified as finance lease or operating lease under IAS 17, There is no material change in accounting for leases previously classified as finance lease under IAS 17 and for all leases previously classified as operating leases management has assessed and concluded these to be short term leases which under new IFRS 16 will continue to be accounted for as expense on a straight line basis.

Therefore, the adoption of IFRS 16 at 01 July 2019 did not have any monetary impact on the recognition and measurement of leases and thus didn't affect the financial statements of the Group.

b) Summary of new accounting policies

Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term. Right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

(ii) Certain other standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2019, but are neither relevant nor have any significant effect on the group'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, 2019.

						Dec-19	l 10
						Unaudited	Jun-19 Audited
						Onaddited	(Restated)
						Rupees	
5.	PROPERTY, PLANT & EQUIPMEN	NT					
	Net book value of owned assets	5			5.1	1,518,304	1,513,696
	Net book value of right of use as	ssets			5.2	124,512	149,911
	Advances against capital expen	diture				-	22,854
						1,642,816	1,686,461
	5.1 PROPERTY, PLANT & EQUI	IPMENT					
	Opening Balance - net boo	ok value				1,513,696	1,645,422
	Additions				5.1.1	95,694	207,560
						1,609,390	1,852,982
	Less:						
	Disposals - net book value	2			5.1.2	(5,654)	(144,879)
	Depreciation & amortizati	on				(85,431)	(194,407)
						1,518,304	1,513,696
	5.1.1 Following is the de	tail of addition	/ (transfer)				
	Furniture & fixture					2,432	4,598
	Vehicles					51,116	161,420
	Office equipment					3,290	4,065
	Computers					35,479	31,817
	Air conditioners					2,744	5,659
	Computer software	2				634	-
	Total					95,694	207,560
			Dec-19			Jun-19	
			Dec-19 Unaudited			Audited	
	5.1.2 Following is the detai	il of	Unaudited	Written down		Audited (Restated)	Written down
	5.1.2 Following is the detai deletions	il of Cost		Written down Value	Cost	Audited	Written down Value
			Unaudited Accumulated	Value	Cost in '000'	Audited (Restated) Accumulated	
	deletions Furniture & fixture		Unaudited Accumulated	Value Rupees		Audited (Restated) Accumulated	
	deletions		Unaudited Accumulated	Value Rupees	in '000'	Audited (Restated) Accumulated Depreciation	Value
	deletions Furniture & fixture	Cost	Unaudited Accumulated Depreciation	Value Rupees	in '000' 1,563	Audited (Restated) Accumulated Depreciation	Value 809
	deletions Furniture & fixture Vehicles	Cost	Unaudited Accumulated Depreciation	Value Rupees - 4,893	in '000' 1,563 166,926	Audited (Restated) Accumulated Depreciation 755 24,302	Value 809 142,624
	Furniture & fixture Vehicles Office equipment	9,335	Unaudited Accumulated Depreciation - 4,442	Value Rupees - 4,893	1,563 166,926 141	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29	Value 809 142,624 95 1,246 105
_	Furniture & fixture Vehicles Office equipment Computers	- 9,335 - 1,131	Unaudited Accumulated Depreciation - 4,442 - 952	Value Rupees - 4,893 - 179	1,563 166,926 141 4,870	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624	Value 809 142,624 95 1,246
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total	- 9,335 - 1,131 1,926	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	in '000' 1,563 166,926 141 4,870 134	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29	Value 809 142,624 95 1,246 105
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total	9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	in '000' 1,563 166,926 141 4,870 134	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755	Value 809 142,624 95 1,246 105 144,879
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book	9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29	Value 809 142,624 95 1,246 105 144,879
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total	9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	in '000' 1,563 166,926 141 4,870 134	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755	Value 809 142,624 95 1,246 105 144,879 103,140 102,858
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions	9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755	Value 809 142,624 95 1,246 105 144,879
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions Less:	9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755 149,911 - 149,911	Value 809 142,624 95 1,246 105 144,879 103,140 102,858 205,998
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions Less: Disposals - net book value	9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755 149,911 - 149,911 (10,822)	Value 809 142,624 95 1,246 105 144,879 103,140 102,858 205,998 (26,327)
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions Less:	9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755 149,911 - 149,911 (10,822) (14,577)	Value 809 142,624 95 1,246 105 144,879 103,140 102,858 205,998 (26,327) (29,760)
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions Less: Disposals - net book value Amortization	- 9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343 6,737	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755 149,911 - 149,911 (10,822)	Value 809 142,624 95 1,246 105 144,879 103,140 102,858 205,998 (26,327)
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions Less: Disposals - net book value Amortization	- 9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343 6,737	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755 149,911 - 149,911 (10,822) (14,577) 124,512	Value 809 142,624 95 1,246 105 144,879 103,140 102,858 205,998 (26,327) (29,760) 149,911
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions Less: Disposals - net book value Amortization 5.21 Following is the de Vehicles	- 9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343 6,737	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755 149,911 - 149,911 (10,822) (14,577) 124,512	Value 809 142,624 95 1,246 105 144,879 103,140 102,858 205,998 (26,327) (29,760) 149,911
	Furniture & fixture Vehicles Office equipment Computers Air conditioners Total 5.2 RIGHT OF USE ASSETS Opening Balance - net book Additions Less: Disposals - net book value Amortization	- 9,335 - 1,131 1,926 12,391	Unaudited Accumulated Depreciation - 4,442 - 952 1,343 6,737	Value Rupees - 4,893 - 179 582	1,563 166,926 141 4,870 134 173,634	Audited (Restated) Accumulated Depreciation 755 24,302 46 3,624 29 28,755 149,911 - 149,911 (10,822) (14,577) 124,512	Value 809 142,624 95 1,246 105 144,879 103,140 102,858 205,998 (26,327) (29,760) 149,911

		ollowing is the detail of eletions	Cost	Dec-19 Unaudited Accumulated Depreciation	Written down Value Rupees	Cost in '000'	Jun-19 Audited (Restated) Accumulated Depreciation	Written down Value
		Vehicles	20,320	9,498	10,822	42,648	16,321	26,327
		Total	20,320	9,498	10,822	42,648	16,321	26,327
							Dec-19	Jun-19
							Unaudited	Audited
								(Restated)
							Rupees	in '000'
6.		IGIBLE ASSETS						
	Openi	ng Balance - net book value					1,214,401	1,507,905
	Additi	ons					-	-
							1,214,401	1,507,905
	Less:							
	Amort	ization					(146,752)	(293,504)
_							1,067,649	1,214,401
7.	LONG	TERM INVESTMENTS - at cos	t					
	Invest	ment in associate						
	WRLD	3D inc. (Unquoted company)				7.1	254,541	293,379
							254,541	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 Delware 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. The company had successfully complied with the terms and conditions of the agreement and 4,092,189 shares are issued to the company. Company holds 12.2% ownership interest in WRLD3D. The Company uses equity method to account for investment in associate.							
8.	LONG	TERM LOANS TO EMPLOY	EES-Unsec	ured				
	Loan	to employees				8.1	6,535	5,237
	Less:	current maturity					(5,977)	(4,767)
							558	470
	8.1	Long term loans have be be material in the overall				ese balanc	es at amortised	cost would not

9.	TRADE DEBTS			
	Considered good - unsecured	9.3	1,733,325	2,878,928
	Considered doubtful - unsecured	9.2	163,332	143,709
			1,896,657	3,022,637
	Less: Provision for Expected credit losses		(163,332)	(143,709)
			1,733,325	2,878,928

- 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	162,836	179,957
NetSol Technologies (Beijing) Company Limited	855,432	604,477
NetSol Australia Pty. Limited	13,546	14,156
Netsol Technologies North Americas	167,177	139,767
WRLD3D Inc	190,648	166,417
1Insurer Limited	-	321,812
The Innovation group-UK BPS	-	350,888
1Insurer Inc	-	52,241
	1,389,638	1,829,715

			Dec-15	Juli-15
			Unaudited	Audited
				(Restated)
		NOTE	Rupees	in '000'
10.	LOANS AND ADVANCES - Unsecured			
	Current maturity of loans to employees	8	5,977	4,767
	Advances			
	- to executives		10	33
	- against expenses	10.1	39,359	47,461
			45,346	52,261

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Dec-19

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-19	Jun-19		Dec-19	Jun-19
	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
11.2	Issued, subscr	ibed & paid-up	capital		
	42,686,191	42,572,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,862	425,722
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507	471,507
	89,836,923	89,722,923		898,369	897,229

NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.12% (2019: 66.20%) of issued capital of the Company.

12.	RESERVES		
	Capital reserve		
	Premium on issue of ordinary shares	304,167	303,266
	Employee share option compensation reserve	181,158	167,025
	Foreign currency translation reserve	(406)	-
	Revenue reserve		
	Un - appropriated profit	5,215,451	5,727,026
		5,700,370	6,197,317

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

١٥.	Haue	ade and other payables also include payable to related parties, detail or which is given below:		
	13.1	Due to related party		
		Parent		
		NetSol Technologies Inc.	-	19,779
		Associated		
		NetSol Technologies Europe Ltd	7,435	7,076
		Nadoz Green	267	300
			7,702	27,155

13.1.1 These relate to normal course of business of the Group and are interest free.

14. CHANGE OF CLASSIFICATION OF SUBSIDIARY FROM DISCONTINUED OPERATION TO CONTINUED OPERATION:

Board of Directors through their board meeting held on December 3, 2019 made the decision to change the plan to discontinue the operations of its subsidiary NetSol Innovation (Pvt) Limited. The decision was made based on the fact that subsidiary holds profound business profile and has been in existence for more than 1 decade. Subsidiary's sound business profile and a length of established business history coupled with holding necessary IT related certifications may be used advantageously in undertaking various future projects by utilizing the platform of subsidiary company.

Accordingly classification of subsidiary company was changed from discontinued operations to continued operations w.e.f. December 3, 2019 and corresponding figures have also been restated to reflect this change.

15. CONTINGENCIES & COMMITMENTS

15.1 Contingencies

- 15.1.1 Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages dated 26th January 2013 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.
- 15.1.2 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 26th July 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 dated 24th August 2016 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 competent authority has made decision on 6th november 2019 against the company. The company has filed an appeal against the decision u/s 31 to Income Tax Appellate Tribunal (ITAT) dated 31st december 2019. The company is confident that final outcome will be in its favor and accordingly no provision has been made in these financial statements in this respect.

15.2 Commitments

- **15.2.1** The Company has issued worth Rs. 11.488 million (2019: 11.488 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.
- **15.2.2** The Company has capital commitments of Rs. Nil under capital purchase agreements as at December 31, 2019. (2019: 16.8 million)

		Oct-Dec	Oct-Dec	Jul-Dec	Jul-Dec
		2019	2018	2019	2018
			(Restated)		(Restated)
		Rupees	in '000'	Rupees	in '000'
16.	REVENUE FROM CONTRACTS WITH CUSTOMERS				
	DISAGGREGATION OF REVENUE:				
	Export Revenue				
	License	-	433,774	389,129	904,510
	Services	839,731	717,470	1,375,503	1,264,578
	Maintenance	427,393	235,448	817,050	445,068
		1,267,124	1,386,692	2,581,682	2,614,156
	Local Revenue				
	Maintenance	3,508	3,189	7,016	6,378
		3,508	3,189	7,016	6,378
	Sales tax	(484)	(440)	(968)	(880)
		1,270,148	1,389,441	2,587,731	2,619,655

17. TAXATION

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 as per clause 133 of part 1 of the Second Schedule to the Income Tax Ordinance, 2001. However tax as per applicable rates is charged to the income of the Group generated from other than core business activities.

18. 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.

 Oct-Dec
 Oct-Dec
 Jul-Dec
 Jul-Dec

 2019
 2018
 2019
 2018

 (Restated)
 (Restated)
 (Restated)

19. (LOSS) / EARNING PER SHARE

Basic	Rupees in '000'		Rupees in '000'	
(Loss) / Earning attributable to ordinary shareholders of NetSol Technologies Limited	(58,625)	548,664	(260,031)	675,325
Weighted average number of ordinary shares in issue during the period	89,837	89,723	89,821	89,722
Basic - In Rupees	(0.65)	6.12	(2.89)	7.53
Diluted				
(Loss) / Profit attributable to ordinary shareholders of NetSol Technologies Limited	(58,625)	548,664	(260,031)	675,325
Weighted average number of ordinary shares in issue during the period	89,837	89,831	89,834	89,833
Diluted - In Rupees	(0.65)	6.11	(2.89)	7.52

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	Jul-Dec
			2019	2018
	Relationship with the Company	Nature of transactions	Rupees	in '000'
(i)	Associated undertaking	Rental Income	450	450
		Provision of services	551,391	568,015
		Purchase of services	14,873	12,886
		Purchase of fixed assets	180	
(ii)	Parent	Dividend	116,417	118,793
(iii)	Key management personnel	Salaries and benefits	90,240	73,571
		Retirement benefits	2,588	1,454
		Commission paid	108,454	116,751
(iv)	Post employment benefit	Contribution to defined		
		contribution plan	57,921	49,880

(v) There are no transactions with any key management personnel other than under the terms of employment.

21. SEGMENT REVENUES AND RESULTS

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

		Dec-19		
	NFS	IS & SSS	BPO	Total
		Rupees in '000'		
Revenue - net				
External sales				
License	389,129	-	-	389,12
Services	1,284,728	-	90,775	1,375,50
Maintenance	817,050	6,049	-	823,09
Total revenue	2,490,907	6,049	90,775	2,587,73
Cost of revenue	(1,569,409)	(2,219)	(95,025)	(1,666,65
Segment results	921,499	3,829	(4,249)	921,07
Unallocated corporate expenses:				
Selling and promotion expenses				(272,66
Administrative expenses				(395,47
Other income				101,76
Other operating expenses				(434,870
Finance cost				(21,41
Loss of share from Associate				(38,43
Taxation				(111,97
Loss after taxation				(251,97

Dec-18

	(Restated)			
	NFS	IS & SSS	BPO	Total
		Rupees in	'000	
Revenue - net				
External sales				
Licence	904,510	-	-	904,510
Services	1,158,702	-	105,876	1,264,578
Maintenance	445,068	5,499	-	450,567
Total revenue	2,508,280	5,499	105,876	2,619,655
Cost of revenue	(1,445,236)	(3,083)	(128,154)	(1,576,473)
Segment results	1,063,044	2,416	(22,279)	1,043,182
Unallocated corporate expenses:				
Selling and promotion expenses				(263,074)
Administrative expenses				(366,243)
Other income				402,030
Other operating expenses				(76,329)
Finance cost				(20,293)
Taxation				(35,763)
Profit after taxation				683,510

*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.

			Jul-Dec	Jul-Dec
			2019	2018
22.	CORRESPONDING FIGURES		Rupees	in '000'
	Corresponding figures have been re-classif	ied for better presentation, in respect of following:		
	From	То		
	Research and development cost-Administrative expenses	Research and development cost- Other Operating expenses"	159,521	76,329
	Provision for doubtful debts-Ad- ministrative expenses	Provision for doubtful debts-Other Operating expenses	19,794	-
	Reimbursable expenses- Export revenue	Services revenue- Export Revenue	155,830	261,755

23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 12, 2020 by the Board of Directors.

24. GENERAL

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



Py.





NETSOL Technologies Limited

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