



NetSol Technologies Ltd.
NetSol IT Village (Software Technology
Park), Lahore Ring Road, Ghazi Road
Interchange, Lahore Cantt. 54792,
Pakistan.
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Phone: +92 42 111-44-88-00
Web: www.netsolpk.com

FORM-08

Date: 23/02/2021

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, 2020

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended December 31, 2020 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.

Yours Sincerely,

SEHRISH
Company Secretary





Financial Statements (Un-Audited)
For the Half Year Ended
December 31

2020

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

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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

SHARE REGISTRAR

VISION CONSULTING LIMITED

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

BANKERS

Askari Bank Limited
Samba Bank Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
MCB Bank Limited
Al Baraka Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited

CONTACT DETAILS

REGISTERED OFFICE

NETSOL IT Village
(Software Technology Park)
Lahore Ring Road,
Ghazi Road Interchange,
Lahore Cantt. 54792, Pakistan
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Tel: +92-51-5707011
Fax: +92-51-5595376

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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 feel immense pleasure to present the financial statements of your company together with its consolidated financial statements for the period ended December 31, 2020.

GENERAL OVERVIEW

The black swan event of COVID-19 influenced everyone's life across the globe and left a significant dent on international economy. Some countries managed the crisis better than the others and were able to recover from the setback quicker. During the second quarter of the financial year 2020-21, NETSOL Technologies again transitioned to the 'Work from Home' model for its global workforce, due to the second wave of the unprecedented crisis of COVID-19. With solid remote working infrastructure and capabilities in place for its employees, the company ensured its operations remained unaffected by the pandemic and continued to provide uninterrupted services and delivery to its diverse clientele worldwide, while adhering to social distancing guidelines and combatting the spread of the virus during the second wave. The Business Continuity Plan implemented by NETSOL since the onset of COVID-19 has been extremely successful. The company continues to re-strategize its business plans and operations and has phase-wise plans in order to enable it to meet its strategic objectives.

On business front, NETSOL's premier, next-gen platform NFS Ascent (Retail) went live for a world renowned auto captive in China. The tier-one client has a strong presence in China as well as across Asia-Pacific. This implementation was the secondary phase of a previously announced \$30 million contract in which NETSOL was selected as the preferred vendor after an extensive evaluation process. In the past year, NETSOL successfully implemented the NFS Ascent Wholesale Platform for the tier-one client. The Ascent suite was selected based on its specific applications directed to the Chinese market alongside the premier solution's compliance with several regulations set out by the People's Bank of China and other industry-governing bodies.

The company's sister concern in China has signed an agreement with a global automotive financial services company to upgrade from the Company's legacy NFS system to its premier, next-generation Ascent® platform. This multi-million-dollar agreement includes licensing, implementation and two years support services including comprehensive data migration from the old system to the new platform. The longtime Company customer provides automotive installment loans, credit loans, interest subsidies and other services and mainly conducts business domestically in China. NETSOL's NFS Ascent® platform was chosen for its unrivaled capabilities and proven track record for success both in Asia-Pacific and globally. The company will directly benefit from this contract through provisioning of both license as well as major implementation and support services to the sister concern. This will result in generating additional revenues for the Company which will be recognized over the life of the contract.

FINANCIAL PERFORMANCE

Comparisons of un-audited financial results for the second quarter ended December 31, 2020 with the corresponding period of fiscal year 2020 and cumulative results for the six months ended December 31, 2020 with those of December 31, 2019 of the company are given below:

	Oct-Dec 2020	SEPARATE FINANCIAL STATEMENTS		
		Oct-Dec 2020	Jul-Dec 2020	Jul-Dec 2020
		Rupees in '000'		
Revenue (in million)	1,263	1,270	2,379	2,588
Gross profit (in million)	500	410	948	921
Net profit / (loss) (in million)	130	140	257	(50)
EPS – basic (in PKR)	1.44	1.55	2.86	(0.56)
EPS – diluted (in PKR)	1.44	1.55	2.86	(0.56)
EBITDA per share – diluted (in Rs.)	2.89	3.51	5.84	2.61

Despite a challenging business environment, the Company registered topline revenue of PKR 1,263 during the quarter ended December 31, 2020 compared to PKR 1,270 million in the same quarter of last fiscal year. In the current quarter, main stream revenue is fueled with PKR 240 million license revenue which is associated with the provisioning of license to sister concern's client for the implementation of NFS Ascent™ in China. In addition to it, decent amount of customization, implementation and change request revenue has also been recognized during the quarter. Maintenance revenue also grew from PKR 430 million to PKR 523 million during the current quarter. The increase in maintenance revenue is mainly associated with different customers going into maintenance phase after their successful implementations and 'Go Live'. On the cost side, the Company observed a decline of 11% in cost of revenue from PKR 860 million last year to PKR 764 million in the current quarter. This has triggered gross margin to improve upto 40% against 32% registered in the same period last year. Main reason for drop in cost of sales is decline in the travel expenses due to Covid. Salaries and benefits expense increased during the quarter as all staff annual increments were announced and implemented effected October 1st, 2020. The Company posted a net profit after tax of PKR 130 million compared to PKR 140 million last year. Included in net profit is PKR 19 million on account of currency exchange loss due to appreciation in Pakistani Rupee in the current quarter compared to an exchange gain of PKR 8.5 million in the comparable period. Comparative period results also include a dividend income of PKR 218 million which was received from the subsidiary company. This profitability has translated diluted earnings per share to clock in at PKR 1.44 for the quarter ended December 31, 2020 in comparison of PKR 1.55 in the corresponding period. Company posted net EBITDA profit of PKR 2.89 per diluted share compared to PKR 3.51 in the comparable period. On half yearly basis, Company posted net revenues of PKR 2,379 million compared to PKR 2,588 million in the corresponding period. Gross profit increased to PKR 948 million in comparison of PKR 921 million last year. The Company posted a net profit after tax of PKR 257 million in comparison of net loss of PKR 50 million during the same period last year. Diluted earnings per share for the half year ended December 31, 2020 were PKR 2.86 in comparison of loss per share of PKR 0.56 in the corresponding period. Half year EBITDA profit for the current period was PKR 5.84 compared to PKR 2.61 in the preceding period.

The Company also consolidates financial results of its subsidiary 'NetSol Innovation (Pvt) Limited'. Net consolidated revenues for the quarter ended December 31, 2020 were PKR 1,263 million compared to PKR 1,270 million in fiscal 2020. Consolidated gross profit for the quarter was PKR 500 million as compared to PKR 410 million in the same period last year. On a consolidated basis, the company posted net consolidated profit of PKR 130 million in the current quarter compared to net consolidated loss of PKR 59 million posted in the same period last year.

FUTURE OUTLOOK

With the second wave of COVID-19, NETSOL transitioned its global employees back to working from home in order to adhere to social distancing guidelines and to flatten the curve of the spread of the virus. The company continues to closely monitor the unprecedented crisis with uncertainty and concern. However, with ongoing developments and the introduction of vaccines, the future looks promising.

Regardless of the current pandemic, NETSOL's implementations remain mostly unaffected, as the global team has been provided with state-of-the-art remote working infrastructure and capabilities to ensure uninterrupted services and delivery to its diverse clientele worldwide. Since the onset of the virus, NETSOL remotely delivered seven projects in seven countries.

Alongside its premier, next-gen platform for the global asset finance and leasing industry (NFS Ascent), the company will continue to promote the Cloud version of Ascent. Many mid-size finance and leasing businesses are deferring heavy capital spending during these unprecedented times, and in terms of enterprise software, have been opting for flexible and affordable subscription-based pricing, which is available with Ascent on the Cloud alongside rapid deployments. NETSOL will also continue to promote its digital transformation suite (NFS Digital) for the global finance and leasing space.

The company will continue to sponsor, exhibit at and attend annual industry-leading events including conferences, conventions, summits and expositions. These events have all been taking place virtually due to COVID-19 and NETSOL has adapted to these current times and had a virtual presence at these events and will continue to do so until events are carried out conventionally. The company will then transition back to being physically present at them.

NETSOL maintains following its principle of being adaptive, by continuing to work on different technologies that have gained traction within the global asset finance and leasing space. These include, but are not limited to, Fintech, Artificial Intelligence, Blockchain and Big Data. In order to continue enabling clients to future-proof their business, the company will continue investing in research and development.

NETSOL's Innovation Lab ideates and creates next-generation products using the latest technologies, learning from experimentation by building proof-of-concepts. The environment supports the company's clients and partners to explore new ideas which expand the realm of the possible for the asset finance and leasing industry, and to make themselves future-proof from new and emerging disruptive business models and technologies. This will shape the future sources of growth and enable organizations to create long-term product and technology roadmaps, build a matching set of competencies and adopt the agile mindset required to transform to a new future.

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 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 employees 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 11, 2021
Lahore



Omar Ghauri
Director

ہمیں خوشی ہے کہ نیٹ سول نیکیٹا لوجیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 31 دسمبر 2020ء کو ختم ہونے والے عرصہ کے لیے مالیاتی گھوشوارے بشمول مجموعی مالیاتی گھوشوارے پیش کر رہے ہیں۔

عمومی جائزہ:- (General Overview)

[illegible][illegible][illegible]

السلبي (کارکردی) (financial performance)

31 دسمبر 2020 کو مکرم ہونے والی دوسری سرمایہ سیاحتی مع 2019 کی اسی مدت کے ساتھ 31 دسمبر 2020 کو مکرم ہونے والی ششماہی مع 31 دسمبر 2019 کی اسی مدت کے ساتھ غیر ڈٹ شدہ مالیاتی گنوارے کے نتائج کا سامراجی طور پر ملے۔

انفرادی ایجابی کمپوزے	انفرادی ایجابی کمپوزے	انفرادی ایجابی کمپوزے	انفرادی ایجابی کمپوزے	انفرادی ایجابی کمپوزے
2019	2020	2021	2022	2023
2,588	2,379	1,270	1,263	حصص (ملین شی)
921	948	410	500	ناممکن (ملین شی)
(50)	257	140	130	ناممکن (ملین شی)
(0.56)	2.86	1.55	1.44	ناممکن (ملین شی)
(0.56)	2.86	1.55	1.44	ناممکن (ملین شی)
2.61	5.84	3.51	2.89	ناممکن (ملین شی)

[illegible]

Future Outlook مستقبل کا نقطہ نظر

COVID-19 کی دوسری لہر کے ساتھ ہی ہونے والے دماغ کے کھپچاؤ کے دوران تمام کے لیے یہی دوری کے رہنما اصول پر عمل کر رہا ہوتا ہے جو اپنے اپنے عالمی ممالک میں لوگوں سے کام کرنے سے واپس کھینچ کر دیا۔ لیکن اس غیر متوقع بحران کو دیکھتے ہوئے پیدہ ہونے والے غیر متوقع نتائج کو سامنے رکھ کر مواصلات پر کبھی ٹھکرانے کا جاری رکھنے کی، تاہم، یقین بنی جاوے کہ مواصلاتی کے ماحول کی جاری ضرورت سے مستقبل میں ایسا ہونا ہے۔

موجودہ دور میں مرنے کے خطرے کا سامنے کرنے والی کئی کئی کمپنیاں remote working کو پھر دوبارہ شروع کر رہی ہیں۔ ان کے علاوہ ان کے ممبروں کو ایسا کرنے کی ترغیب دے رہی ہیں۔ لیکن اس کے باوجود یہ سب سے زیادہ

آسانت جی کے ساتھ نڈو ویسے کے لیے اس کی معلومات اور ڈیجیٹل کے لیے ایپلیکیشن (NFS Digital) کو فروغ دینے کی کوششیں جاری رکھا۔
 آسانت جی نے ایپلیکیشن (NFS Digital) کو فروغ دینے کی کوششیں جاری رکھا۔
 آسانت جی نے ایپلیکیشن (NFS Digital) کو فروغ دینے کی کوششیں جاری رکھا۔

[illegible]

اعتراف (Acknowledgement)

ہوڑ آفت اور یکروزہ بھی کہ شخص کا قاتل اور دھاراجن، سرکاری انجینیئروں اور ایلیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراجِ تحسین پیش کرتا ہے جس سے کئی کو ان نتائج کو حاصل کرنے سے مدد ملتی ہو۔ پھر کچھ کے قاتل اور یکروزہ بھی کہ شخص کا قاتل اور دھاراجن، سرکاری انجینیئروں اور ایلیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراجِ تحسین پیش کرتا ہے جس سے کئی کو ان نتائج کو حاصل کرنے سے مدد ملتی ہو۔ پھر کچھ کے قاتل اور دھاراجن، سرکاری انجینیئروں اور ایلیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراجِ تحسین پیش کرتا ہے جس سے کئی کو ان نتائج کو حاصل کرنے سے مدد ملتی ہو۔

از طرف بورڈ آف دائرہ کیٹر

ky

فہم شہاب غوری

(بجائے روں)

لاہور

11 فروری، 2021ء



INDEPENDENT AUDITOR'S 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, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of 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 condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

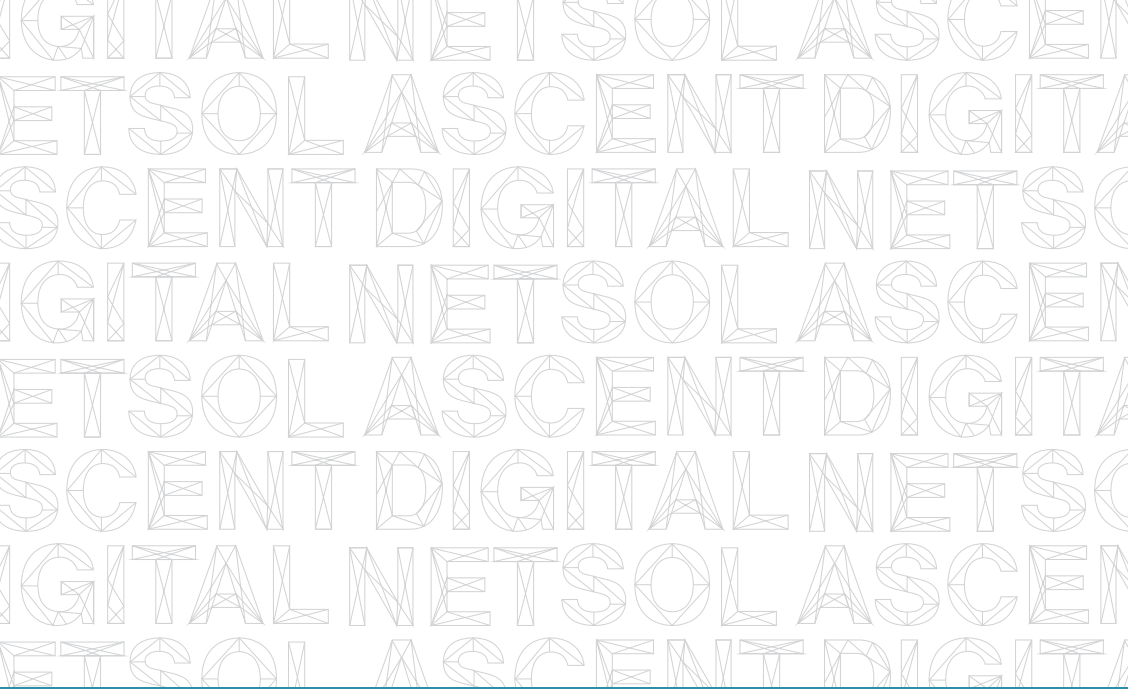
We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial 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.

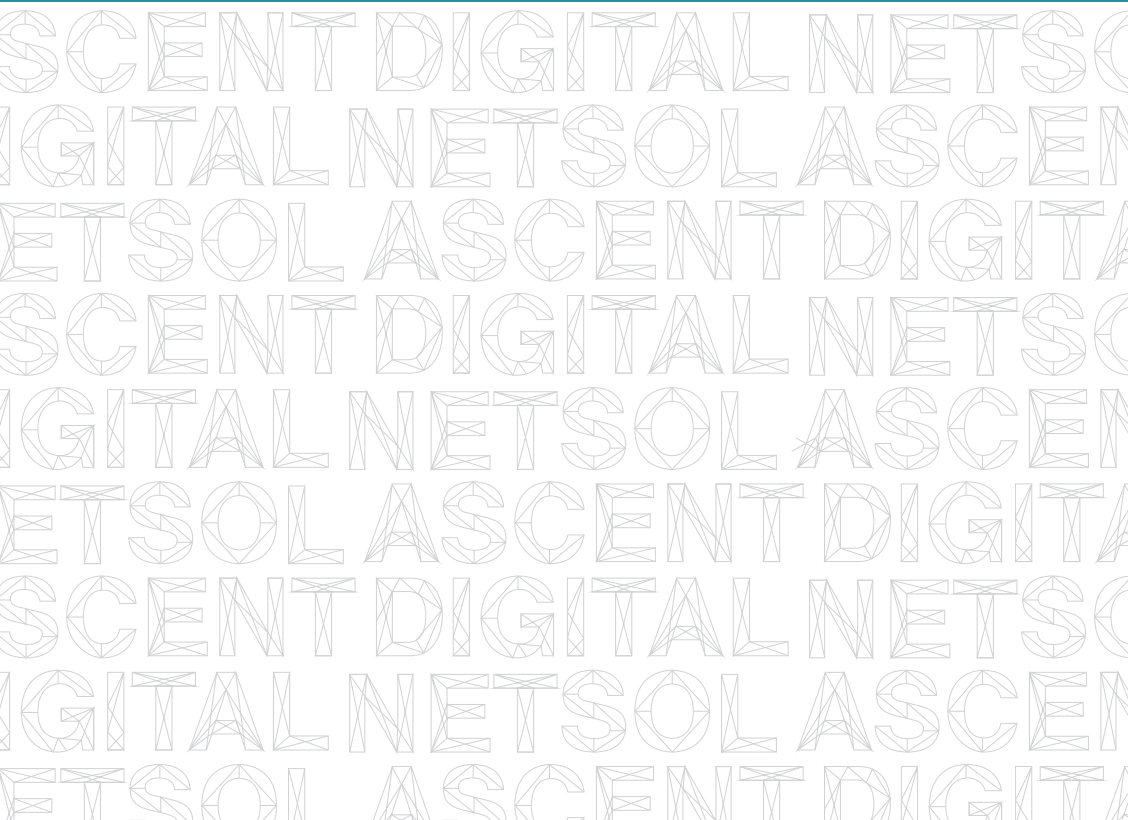
The engagement partner on the review resulting in this independent auditor's report is Muhammad Yousaf.

H.Y.K & Co.
Chartered Accountants
Lahore: February 11, 2021



FINANCIAL STATEMENTS

For The Half Year Ended December 31, 2020



Condensed Interim Statement of Financial Position - Unaudited

As at December 31, 2020

	NOTE	Dec 20 Unaudited	Jun-20 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,577,714	1,542,792
Intangible assets	6	774,145	920,897
		2,351,859	2,463,689
Long term investments	7	219,632	239,827
Long term loans to employees		2,330	1,571
		2,573,821	2,705,087
CURRENT ASSETS			
Trade debts	8	2,425,324	2,200,933
Contract assets		1,339,989	1,652,633
Loans and advances		24,326	14,145
Trade deposits & short term prepayments		66,346	25,672
Other receivables		9,209	8,672
Due from related parties		525,348	373,619
Taxation - net		16,891	16,490
Cash & bank balances		2,348,380	2,081,859
		6,755,813	6,374,023
TOTAL ASSETS		9,329,634	9,079,110
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital 150,000,000 ordinary shares of Rs.10/- each	9	1,500,000	1,500,000
Issued, subscribed and paid-up capital	9	898,369	898,369
Share deposit money		13	13
Reserves	10	6,264,766	5,999,116
		7,163,148	6,897,498
NON-CURRENT LIABILITIES			
Long term financing	11	173,805	172,500
Lease liabilities		2,537	14,924
		176,342	187,424
CURRENT LIABILITIES			
Trade and other payables	12	332,352	193,651
Contract liabilities		64,610	311,541
Short term borrowings		1,380,000	1,380,000
Current portion of long term liabilities		207,387	103,106
Unclaimed dividend		5,795	5,890
		1,990,144	1,994,187
CONTINGENCIES & COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		9,329,634	9,079,110

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Profit or Loss - Unaudited

For The Half Year Ended December 31, 2020

	NOTE	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
		Rupees in '000'		Rupees in '000'	
Revenue from contracts with customers - net	14	1,263,491	1,270,148	2,378,801	2,587,731
Cost of revenue		(763,738)	(859,710)	(1,430,771)	(1,666,653)
Gross profit		499,753	410,438	948,030	921,078
Selling and promotion expenses		(120,096)	(130,065)	(250,127)	(272,665)
Administrative expenses		(193,390)	(205,005)	(371,874)	(395,470)
		(313,486)	(335,070)	(622,001)	(668,135)
Operating Profit		186,267	75,368	326,029	252,943
Other income		34,778	276,412	88,675	314,787
		221,045	351,780	414,704	567,730
Other operating expenses		(51,247)	(95,120)	(65,517)	(446,608)
Finance cost		(13,925)	(12,164)	(29,744)	(21,402)
Share of loss of Associate		(5,394)	(17,645)	(18,322)	(38,432)
Profit before taxation		150,479	226,851	301,121	61,288
Taxation					
Current Period	15	(20,861)	(87,174)	(44,023)	(111,165)
Prior Period	15	-	-	(450)	-
		(20,861)	(87,174)	(44,473)	(111,165)
Profit / (Loss) after taxation for the period		129,618	139,677	256,648	(49,877)
Earnings / (Loss) per share					
Basic - In Rupees	17	1.44	1.55	2.86	(0.56)
Diluted - In Rupees	17	1.44	1.55	2.86	(0.56)

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of other Comprehensive Income - Unaudited
For The Half Year Ended December 31, 2020

	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'		Rupees in '000'	
Profit / (Loss) after taxation for the period	129,618	139,677	256,648	(49,877)
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	(1,504)	1,031	(1,873)	(406)
Total comprehensive income / (Loss) for the period	128,114	140,708	254,775	(50,283)

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Statement of Cash Flows - Unaudited

For The Half Year Ended December 31, 2020

	Jul-Dec 2020	Jul-Dec 2019
Rupees in '000'		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	301,121	61,288
Adjustments for non cash charges and other items:		
Depreciation - own assets	100,671	85,431
Amortization of Right of Use Assets	9,980	14,577
Amortization of intangible assets	146,752	146,752
(Gain) on disposal of fixed assets	(2,870)	(36)
Amortization of deferred revenue	(1,343)	(1,343)
Foreign exchange (gain) / Loss	(20,520)	240,213
Interest expense	38,611	20,615
Interest income	(63,492)	(94,574)
Dividend income	-	(218,384)
Deferred employee compensation expense	10,875	14,321
Amortization of deferred grant	(9,383)	-
Provision for expected credit losses	53,463	46,874
Share of loss of Associate	18,322	38,432
	281,066	292,878
Cash generated from operations before working capital changes	582,187	354,166
Working Capital Changes		
Trade debts & Contract Assets/Liabilities	(191,621)	(230,465)
Loans and advances	(10,941)	6,827
Trade deposits & short term prepayments	(40,674)	(13,982)
Other receivables	(537)	(8,085)
Due from related parties	(151,729)	(195,958)
Trade and other payables	132,883	(32,717)
Cash (used in) operations	(262,619)	(474,380)
Interest paid	(32,792)	(20,250)
Income taxes paid	(44,874)	(80,628)
Dividend paid	(95)	(249,348)
Net cash generated from/(used in) operations	241,807	(470,440)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment's purchased	(143,158)	(84,872)
Sales proceeds of fixed asset	5,455	5,690
Advances against capital expenditure	(5,000)	22,854
Interest received	63,492	94,574
Net cash generated from/(used in) investing activities	(79,211)	38,247
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	1,140
Share premium	-	714
Paid against lease liabilities	(19,847)	(20,934)
Long term loan	116,921	-
Deferred grant	8,021	-
Short term borrowing	-	327,000
Dividend received	-	218,384
Long term advances	(1,171)	(15)
Net cash generated from financing activities	103,924	526,289
Net Increase in cash and cash equivalents	266,520	94,096
Cash and cash equivalents at the beginning of the period	2,081,859	1,951,746
Cash and cash equivalents at the end of the period	2,348,380	2,045,842

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2020

	Issued, sub-scribed and paid-up capital	Share de-posit mon-ey	Capital Reserve		Revenue Reserve	Total	
			Em-ploy-ee share option com-pen-sation reserve	Share premi-um	Foreign cur-rency trans-lation reserve		Unappropri-ated profit
Rupees In '000'							
Balance as at June 30, 2019	897,229	13	166,367	303,266	-	5,512,585	6,879,460
Net loss for the period						(49,877)	(49,877)
Other comprehensive loss for the period	-	-	-	-	(406)	-	(406)
Total comprehensive loss for the period					(406)	(49,877)	(50,283)
Shares issued against options exercised (114,000 shares at Rs. 10 each)	1,140	(1,872)	(168)	900	-	-	-
Dividend paid						(251,543)	(251,543)
Amount received against options exercised	-	1,872	-	-	-	-	1,872
Lapse of 13,500 share options			(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
Balance as at June 30, 2020	898,369	13	205,897	304,167	(16,830)	5,505,882	6,897,498
Net profit for the period	-	-	-	-	-	256,648	256,648
Other comprehensive loss for the period					(1,873)	-	(1,873)
Total comprehensive income for the period	-	-	-	-	(1,873)	256,648	254,775
Contribution of parent on account of employee share options	-	-	10,875	-	-	-	10,875
	-	-	10,875	-	(1,873)	256,648	265,650
Balance as at December 31, 2020	898,369	13	216,772	304,167	(18,703)	5,762,530	7,163,148

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Condensed Interim Financial Statements - Unaudited

For The Half Year Ended December 31, 2020

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; 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, 2020.

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, 2020.

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

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2020, 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, 2020 except for change in accounting estimate detailed below in Note 4.1

4.1 Change of depreciation method from reducing balance method to straight line method:

Effective July 01, 2020, company has reassessed the remaining useful lives of all of its fixed assets and changed its method of depreciation from reducing balance method to straight line method of depreciation. Effect of change in this accounting estimate has been recognised prospectively as required by IAS 8, i-e change in accounting estimate is recognized in period of change and future periods. Due to change in this accounting estimate depreciation/amortization charge on property, plant & equipment is increased by Rs. 17.67 Million for 6 months ended December 31, 2020. Effect of change in accounting estimate for future periods is not disclosed because estimating it is impracticable.

		Dec-20 Unaudited	Jun-20 Audited
		Rupees in '000'	
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,486,632	1,443,854
Net book value of right of use assets	5.2	86,082	98,938
Advances against capital expenditure		5,000	-
		1,577,714	1,542,792
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,443,854	1,506,400
Additions	5.1.1	146,034	127,335
		1,589,888	1,633,735
Less:			
Disposals - net book value	5.1.2	(2,585)	(13,591)
Depreciation & amortization		(100,671)	(176,290)
		1,486,632	1,443,854
5.1.1 Following is the detail of addition / (transfer)			
Furniture & fixture		244	3,431
Vehicles		30,972	62,788
Office equipment		7,860	4,576
Computers		106,868	52,454
Air conditioners		90	3,453
Computer software		-	634
Total		146,034	127,335

5.1.2 Following is the detail of deletions	Cost	Dec-20 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Vehicles	5,947	4,256	1,691	20,979	8,312	12,667
Office equipment	33	19	14	-	-	-
Computers	16,866	15,987	880	2,184	1,842	343
Air conditioners	-	-	-	1,926	1,343	582
Total	22,846	20,261	2,585	25,089	11,497	13,591

5.2 RIGHT OF USE ASSETS						
Opening Balance - net book value					98,938	149,911
Additions					-	-
					98,938	149,911
Less:						
Disposals - net book value				5.2.1	(2,876)	(22,495)
Depreciation & amortization					(9,980)	(28,478)
					86,082	98,938

5.2.1 Following is the detail of deletions	Cost	Dec-20 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Vehicles	5,553	2,677	2,876	39,068	16,573	22,495
Total	5,553	2,677	2,876	39,068	16,573	22,495

					Dec-20 Unaudited	Jun-20 Audited
Rupees in '000'						
6. INTANGIBLE ASSETS						
Opening Balance - net book value					920,897	1,214,401
Less:						
Amortization					(146,752)	(293,504)
					774,145	920,897
7. LONG TERM INVESTMENTS - at cost						
Investment in subsidiary - at cost						
NetSol Innovation (Pvt) Limited (Unquoted subsidiary company)				7.1	30,063	30,063
Investment in associate						
WRLD3D Inc. (Unquoted company)				7.2	189,569	209,764
					219,632	239,827

- 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 3,006,305 (2020 : 3,006,305) fully paid ordinary shares of Rs. 10/- each i.e. 100% of Equity held (2020 : 100%).
- 7.2 During the fiscal year 2016, the Company entered into an agreement with WRLD3D a gaming and 3D mapping Company to purchase 4,092,189 preference BB shares for \$2,777,778 which was to be earned over the period majority through provision of IT services and somewhat in cash. The Company has already delivered services amounting to \$2.78 million (PKR 293,378,850) against which 4,092,189 shares are issued to the company. The company uses equity method to account for investment in associate.

		Dec-20 Unaudited	Jun-20 Audited
		Rupees in '000'	
8. TRADE DEBTS			
Considered good - unsecured	8.1	2,425,324	2,200,933
Considered doubtful - unsecured	8.2	284,358	233,499
		2,709,682	2,434,432
Less: Provision against expected credit losses		(284,358)	(233,499)
		2,425,324	2,200,933
8.1	It represents amount receivable from customers. It is unsecured but considered good by the management.		
8.2	This is a provision for expected credit losses created by the Company for any future doubtful trade debts.		
8.3	Amount receivable from related parties included in trade debts are as under:		
	NetSol Technologies (Thailand) Limited	74,624	84,995
	NetSol Technologies (Beijing) Company Limited	1,577,860	702,287
	NetSol Australia Pty. Limited	73,683	36,363
	NetSol Technologies Americas	250,064	219,825
	WRLD3D Inc	237,624	247,362
		2,213,857	1,290,832
9. SHARE CAPITAL			
9.1 Authorised share capital			
	Dec-20 Unaudited	Jun-20 Audited	
	Number of shares		Rupees in '000'
	150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.
			1,500,000
9.2 Issued, subscribed & paid-up capital			
	42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash
			426,862
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares
			471,507
	89,836,923	89,836,923	
			898,369
NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.12% (2020 : 66.12%) of issued capital of the Company.			
		Dec-20 Unaudited	Jun-20 Audited
		Rupees in '000'	
10. RESERVES			
Capital reserve			
Premium on issue of ordinary shares		304,167	304,167
Employee share option compensation reserve		216,772	205,897
Foreign currency translation reserve		(18,703)	(16,830)
Revenue reserve			
Un - appropriated profit		5,762,530	5,505,882
		6,264,766	5,999,116
11. LONG TERM FINANCING			
Long term Finance facility		328,862	211,941
Deferred grant		18,740	20,102
Less: Current portion shown under current liabilities:			
Current portion of Long term finance facility		(159,189)	(49,546)
Current portion of deferred grant		(14,608)	(9,996)
		(173,797)	(59,543)
		173,805	172,500

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

12.1 DUE TO RELATED PARTIES		Dec-20 Unaudited	Jun-20 Audited
Associated		Rupees in '000'	
NetSol Technologies Europe Limited	12.1.1	4,557	11,561
		4,557	11,561

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

13. CONTINGENCIES & COMMITMENTS

13.1 Contingencies

- 13.1.1 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 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. 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.

- 13.1.2 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. On August 24, 2016, the company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. On November 6, 2019, the Competent authority disposed off the case against the company. The company has filed an appeal against the said 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.

13.2 Commitments

The Company has issued worth Rs. 11.488 million (2020: 11.488 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.

The Company has capital commitments of Rs. 13.17M under capital purchase agreements as at December 31, 2020. (2020: Nil).

	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'		Rupees in '000'	
14. REVENUE FROM CONTRACTS WITH CUSTOMERS				
DISAGGREGATION OF REVENUE:				
Export Revenue				
License	239,988	-	239,988	389,129
Services	500,559	839,731	1,125,938	1,375,503
Maintenance	522,944	427,393	1,012,875	817,050
	1,263,491	1,267,124	2,378,801	2,581,682
Local Revenue				
Maintenance	-	3,508	-	7,016
Sales tax	-	(484)	-	(968)
	-	3,024	-	6,049
	1,263,491	1,270,148	2,378,801	2,587,731

15. 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.

16. 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 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'		Rupees in '000'	
17. EARNINGS PER SHARE				
Basic				
Profit / (Loss) after taxation for the period	129,618	139,677	256,648	(49,877)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,821
Basic - In Rupees	1.44	1.55	2.86	(0.56)
Diluted				
Profit / (Loss) after taxation for the period	129,618	139,677	256,648	(49,877)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,834
Diluted - In Rupee	1.44	1.55	2.86	(0.56)

18. 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 2020	Jul-Dec 2019
		Rupees in '000'	
Relationship with the Company	Nature of transactions		
(i) Subsidiary	Dividend received	-	213,888
(ii) Associated undertaking	Rental income	450	450
	Provision of services	871,089	551,391
	Purchase of services	13,124	14,873
	Purchase of assets	-	180
(iii) Parent	Dividend	-	116,417
(iv) Key management personnel	Salaries and benefits	71,063	90,240
	Retirement benefits	3,688	2,588
	Commission paid	132,159	108,454
(v) Post employment benefit	Contribution to defined contribution plan	64,232	57,921

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

19. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 11, 2021 by the Board of Directors.

20. GENERAL

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS

For The Half Year Ended December 31, 2020

Condensed Consolidated Interim statement Of Financial Position - Unaudited

As at December 31, 2020

	NOTE	Dec-20 Unaudited	Jun-20 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,584,990	1,550,068
Intangible assets	6	774,145	920,897
		2,359,135	2,470,965
Long term Investment	7	189,569	209,764
Long term loans to employees		2,330	1,571
		2,551,034	2,682,300
CURRENT ASSETS			
Trade debts	8	2,425,324	2,200,933
Contract assets		1,339,989	1,652,633
Loans and advances		24,326	14,145
Trade deposits & short term prepayments		66,404	25,672
Other receivables		9,209	8,672
Due from related parties		525,348	373,619
Taxation - net		16,803	16,533
Cash & bank balances		2,382,823	2,115,872
		6,790,226	6,408,079
TOTAL ASSETS		9,341,260	9,090,379
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	9	1,500,000	1,500,000
Issued, subscribed and paid-up capital	9	898,369	898,369
Share deposit money		13	13
Reserves	10	6,275,767	6,009,760
		7,174,149	6,908,142
NON-CURRENT LIABILITIES			
Long term financing	11	173,805	172,500
Lease liabilities		2,537	14,924
		176,342	187,424
CURRENT LIABILITIES			
Trade and other payables	12	332,977	194,276
Contract liabilities		64,610	311,541
Short term borrowings		1,380,000	1,380,000
Current portion of long term liabilities		207,387	103,106
Unclaimed dividend		5,795	5,890
		1,990,769	1,994,813
CONTINGENCIES & COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		9,341,260	9,090,379

The annexed notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Consolidated Interim Statement of Profit or Loss - Unaudited

For The Half Year Ended December 31, 2020

	NOTE	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
		Rupees in '000'		Rupees in '000'	
Revenue from contracts with customers - Net	14	1,263,491	1,270,148	2,378,801	2,587,731
Cost of revenue		(763,738)	(859,710)	(1,430,771)	(1,666,653)
Gross profit		499,753	410,438	948,030	921,078
Selling and promotion expenses		(120,096)	(130,065)	(250,127)	(272,665)
Administrative expenses		(193,428)	(205,005)	(371,941)	(395,470)
		(313,524)	(335,070)	(622,068)	(668,135)
Operating profit		186,229	75,368	325,962	252,943
Other income		35,251	70,856	89,616	101,769
		221,480	146,224	415,578	354,712
Other operating expenses		(51,247)	(68,040)	(65,517)	(434,870)
Finance cost		(13,925)	(12,168)	(29,744)	(21,412)
Loss of share from Associate		(5,394)	(17,645)	(18,322)	(38,432)
Profit / (Loss) before taxation		150,914	48,371	301,995	(140,002)
Taxation					
Current period	15	(20,998)	(87,328)	(44,296)	(111,970)
Prior period	15	-	-	(694)	-
		(20,998)	(87,328)	(44,990)	(111,970)
Profit / (Loss) after taxation for the period		129,916	(38,957)	257,005	(251,972)
Attributable to:					
Equity holders of NetSol Technologies Limited		129,916	(58,625)	257,005	(260,031)
Non - controlling interest		-	19,669	-	8,059
		129,916	(38,957)	257,005	(251,972)
Earnings / (Loss) per share					
Basic - In Rupees	17	1.45	(0.65)	2.86	(2.89)
Diluted - In Rupees	17	1.45	(0.65)	2.86	(2.89)

The annexed notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Consolidated Interim Statement of Other Comprehensive Income - Unaudited
For The Half Year Ended December 31, 2020

	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'		Rupees in '000'	
Profit / (Loss) after taxation for the period	129,916	(38,957)	257,005	(251,972)
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	(18,297)	1,031	(1,873)	(406)
Total comprehensive Income / (Loss) for the period	111,619	(37,926)	255,132	(252,378)
Attributable to:				
Equity holders of NetSol Technologies Limited	111,619	(57,594)	255,132	(260,437)
Non - controlling interest	-	19,669	-	8,059
	111,619	(37,926)	255,132	(252,378)

The annexed notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Consolidated Interim Statement of Cash Flows - Unaudited

For The Half Year Ended December 31, 2020

NOTE	Jul-Dec 2020	Jul-Dec 2019
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation for the period	301,995	(140,002)
Adjustments for non cash charges and other items:		
Depreciation - own assets	100,671	85,431
Amortization of Right of use assets	9,980	14,577
Amortization of intangible assets	146,752	146,752
(Gain) on disposal of fixed assets	(2,870)	(36)
Amortization of deferred revenue	(1,343)	(1,343)
Foreign exchange (gain) / Loss	(20,520)	240,216
Interest expense	38,611	20,615
Interest income	(64,433)	(99,940)
Deferred employee compensation expense	10,875	14,321
Amortization of deferred grant	(9,383)	-
Provision for expected credit losses	53,463	46,874
Share of loss of Associate	18,322	38,432
	280,125	505,899
Cash generated from operations before working capital changes	582,120	365,897
Working Capital Changes		
Trade debts & Contract Assets/Liabilities	(191,621)	116,860
Loans and advances	(10,941)	6,827
Trade deposits & short term prepayments	(40,732)	(13,982)
Other receivables	(537)	(8,085)
Due from related parties	(151,729)	(195,959)
Trade and other payables	132,883	(32,747)
Cash (used in) operations	(262,676)	(127,086)
Interest paid	(32,792)	(20,250)
Income taxes paid	(45,259)	(81,433)
Dividend paid	(95)	(463,236)
Net cash generated from / (used in) operations	241,297	(326,107)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(143,158)	(84,872)
Sales proceeds of fixed asset	5,455	5,690
Advances against capital expenditure	(5,000)	22,854
Interest received	64,433	99,940
Net cash generated from / (used in) investing activities	(78,270)	43,609
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	1,140
Share premium	-	714
Paid against lease liabilities	(19,847)	(20,934)
Long term payable	116,921	-
Deferred grant	8,021	-
Short term borrowing	-	327,000
Long term advances	(1,171)	(15)
Net cash generated from financing activities	103,924	307,905
Net increase in cash and cash equivalents	266,951	25,407
Cash and cash equivalents at the beginning of the period	2,115,872	2,053,102
Cash and cash equivalents at the end of the period	2,382,823	2,078,509

The annexed notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2020

	Attributable to equity holders of the Parent						Non Controlling Interest	Total Equity
	Issued, subscribed and paid-up capital	Share deposit money	Capital reserve			Revenue reserve		
			Employee share option compe-nsa- tion reserve	Share premium	Foreign currency translation reserve	Unappropri ated profit		
							Total	
Rupees In '000'								
Balance as at June 30, 2019	897,229	13	167,025	303,266	-	5,727,026	7,094,559	225,035
Net (Loss) for the period								
December 31, 2019	-	-	-	-	-	(260,031)	(260,031)	8,059
Other comprehensive (loss)	-	-	-	-	(406)	-	(406)	-
Total comprehensive (loss) / profit for the period	-	-	-	-	(406)	(260,031)	(260,437)	8,059
Amount received against options exercised	-	1,872	-	-	-	-	1,872	-
Shares issued against options exercised (114,000 shares at Rs. 10 each) cash dividend	1,140	(1,872)	(168)	900	-	-	-	-
Lapse of 13,500 share options			(20)			(251,543)	(251,543)	(213,888)
Contribution of parent on account of employee share options			14,321				14,321	
	1,140	-	14,133	900	(406)	(511,575)	(495,807)	(205,829)
Balance as at December 31, 2019	898,369	13	181,158	304,167	(406)	5,215,451	6,598,752	19,206
Balance as at June 30, 2020	898,369	13	206,555	304,167	(16,830)	5,515,868	6,908,142	-
Net Profit for the period	-	-	-	-	-	257,005	257,005	-
Other comprehensive (loss) for the period					(1,873)		(1,873)	
Total comprehensive (loss) / profit for the period	-	-	-	-	(1,873)	257,005	255,132	-
Contribution of parent on account of employee share options			10,875	-		-	10,875	-
	-	-	10,875	-	(1,873)	257,005	266,007	-
Balance as at December 31, 2020	898,369	13	217,430	304,167	(18,703)	5,772,873	7,174,149	-

The annexed notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Condensed Consolidated Interim Financial Statements Unaudited

For The Half Year Ended December 31, 2020

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.

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

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 100%. 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, 2020.

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, 2020.

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

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2020, 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, 2020 except for change in accounting estimate detailed below in Note 4.1

4.1 Change of depreciation method from reducing balance method to straight line method:

Effective July 01, 2020, Group has reassessed the remaining useful lives of all of its fixed assets and changed its method of depreciation from reducing balance method to straight line method of depreciation. Effect of change in this accounting estimate has been recognised prospectively as required by IAS 8, i.e change in accounting estimate is recognized in period of change and future periods. Due to change in this accounting estimate depreciation/amortization charge on property, plant & equipment is increased by Rs. 17.67 Million for 6 months ended December 31, 2020. Effect of change in accounting estimate for future periods is not disclosed because estimating it is impracticable.

		Dec-20 Unaudited	Jun-20 Audited
		Rupees in '000'	
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,493,908	1,451,130
Net book value of right of use assets	5.2	86,082	98,938
Advances against capital expenditure		5,000	-
		1,584,990	1,550,068
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,451,130	1,513,696
Additions	5.1.1	146,034	127,335
		1,597,164	1,641,031
Less:			
Disposals - net book value	5.1.2	(2,585)	(13,611)
Depreciation & amortization		(100,671)	(176,290)
		1,493,908	1,451,130
5.1.1 Following is the detail of addition / (transfer)			
Furniture & fixture		244	3,431
Vehicles		30,972	62,788
Office equipment		7,860	4,576
Computers		106,868	52,454
Air conditioners		90	3,453
Computer software		-	634
Total		146,034	127,335

5.1.2 Following is the detail of deletions	Cost	Dec-20 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Furniture & fixture	-	-	-	-	-	-
Vehicles	5,947	4,256	1,691	20,979	8,312	12,667
Office equipment	33	19	14	-	-	-
Computers	16,866	15,987	880	2,204	1,842	363
Air conditioners	-	-	-	1,926	1,343	582
Total	22,846	20,261	2,585	25,109	11,497	13,611

5.2 RIGHT OF USE ASSETS						
Opening Balance - net book value					98,938	149,911
Less:						
Disposals - net book value				5.2.1	(2,876)	(22,495)
Depreciation & amortization					(9,980)	(28,478)
					86,082	98,938

5.2.1 Following is the detail of deletions	Cost	Dec-20 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Vehicles	5,553	2,677	2,876	39,068	16,573	22,495
Total	5,553	2,677	2,876	39,068	16,573	22,495

					Dec-20 Unaudited	Jun-20 Audited
Rupees in '000'						
6. INTANGIBLE ASSETS						
Opening Balance - net book value					920,897	1,214,401
Less:						
Amortization					(146,752)	(293,504)
					774,145	920,897
7. LONG TERM INVESTMENTS - at cost						
Investment in associate						
WRLD3D inc. (Unquoted company)				7.1	189,569	209,764
					189,569	209,764

- 7.1 During the fiscal year 2016, the Company entered into an agreement with WRLD3D a gaming and 3D mapping Company to purchase 4,092,189 preference BB shares for \$2,777,778 which was to be earned over the period majority through provision of IT services and somewhat in cash. The Company has already delivered services amounting to \$2.78 million (PKR 293,378,850) against which 4,092,189 shares are issued to the company. The company uses equity method to account for investment in associate.

	NOTE	Dec-20 Unaudited	Jun-20 Audited
		Rupees in '000'	
8. TRADE DEBTS			
Considered good - unsecured	8.3	2,425,324	2,200,933
Considered doubtful - unsecured	8.2	284,358	233,499
		2,709,682	2,434,432
Less: Provision for Expected credit losses		(284,358)	(233,499)
		2,425,324	2,200,933
8.1	It represents amount receivable from customers. It is unsecured but considered good by the management.		
8.2	This is a general provision created by the Company for any future doubtful trade debts.		
8.3	Amount receivable from related parties included in trade debts are as under:		
NetSol Technologies (Thailand) Limited		74,624	84,995
NetSol Technologies (Beijing) Company Limited		1,577,860	702,287
NetSol Australia Pty. Limited		73,683	36,363
Netsol Technologies North Americas		250,064	219,825
WRDL3D Inc		237,624	247,362
		2,213,857	1,290,832
9. SHARE CAPITAL			
9.1 Authorised share capital			
Dec-20	Jun-20		
Unaudited	Audited		
Number of shares			
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	1,500,000
			1,500,000
9.2 Issued, subscribed & paid-up capital			
42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,862
			426,862
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	89,836,923		898,369
			898,369
NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.12% (2020 : 66.12%) of issued capital of the Company.			
10. RESERVES			
Capital reserve			
Premium on issue of ordinary shares		304,167	304,167
Employee share option compensation reserve		217,430	206,555
Foreign currency translation reserve		(18,703)	(16,830)
Revenue reserve			
Un - appropriated profit		5,772,873	5,515,868
		6,275,767	6,009,760
11. LONG TERM FINANCING			
Long term Finance facility		328,862	211,941
Deferred grant		18,740	20,102
Less: Current portion shown under current liabilities:			
Current portion of Long term finance facility		(159,189)	(49,546)
Current portion of deferred grant		(14,608)	(9,996)
		(173,797)	(59,543)
		173,805	172,500
12. Trade and other payables also include payable to related parties, detail of which is given below:			
12.1 Due to related party			
Associated			
NetSol Technologies Europe Ltd		4,557	11,561
		4,557	11,561
12.1.1	These relate to normal course of business of the Group and are interest free.		

13. CONTINGENCIES & COMMITMENTS**13.1 Contingencies**

13.1.1 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 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. 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.

13.1.2 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. On August 24, 2016, the company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. On November 6, 2019, the Competent authority disposed off the case against the company. The company has filed an appeal against the said 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.

13.2 Commitments

13.2.1 The Company has issued worth Rs. 11.488 million (2020: 11.488 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.

13.2.2 The Company has capital commitments of Rs. 13.17M under capital purchase agreements as at December 31, 2020. (2020: Nil)

	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'		Rupees in '000'	
14. REVENUE FROM CONTRACTS WITH CUSTOMERS				
DISAGGREGATION OF REVENUE:				
Export Revenue				
License	239,988	-	239,988	389,129
Services	500,559	839,731	1,125,938	1,375,503
Maintenance	522,944	427,393	1,012,875	817,050
	1,263,491	1,267,124	2,378,801	2,581,682
Local Revenue				
Maintenance	-	3,508	-	7,016
Sales tax	-	(484)	-	(968)
		6,532		6,049
	1,263,491	1,270,148	2,378,801	2,587,731

15. 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.

16. 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.

17. EARNING / (LOSS) PER SHARE	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019
	Rupees in '000'		Rupees in '000'	
Basic				
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	129,916	(58,625)	257,005	(260,031)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,821
Basic - In Rupees	1.45	(0.65)	2.86	(2.89)
Diluted				
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	129,916	(58,625)	257,005	(260,031)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,834
Diluted - In Rupees	1.45	(0.65)	2.86	(2.89)

18. TRANSACTION WITH RELATED PARTIES

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

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

Relationship with the Company		Nature of transactions	Jul-Dec 2020	Jul-Dec 2019
			Rupees in '000'	
(i)	Associated undertaking	Rental Income	450	450
		Provision of services	871,089	551,391
		Purchase of services	13,124	14,873
		Purchase of fixed assets	-	180
(ii)	Parent	Dividend	-	116,417
(iii)	Key management personnel	Salaries and benefits	71,063	90,240
		Retirement benefits	3,688	2,588
		Commission paid	132,159	108,454
(iv)	Post employment benefit	Contribution to defined contribution plan	64,232	57,921
(v)	There are no transactions with any key management personnel other than under the terms of employment.			

19. SEGMENT REVENUES AND RESULTS

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

	Dec-20			
	NFS	IS & SSS	BPO	Total
Rupees in '000'				
Revenue - net				
External sales				
License	239,988	-	-	239,988
Services	1,039,560	-	86,378	1,125,937
Maintenance	1,012,875	-	-	1,012,876
Total revenue	2,292,423	-	86,378	2,378,801
Cost of revenue	(1,352,755)	(287)	(77,729)	(1,430,771)
Segment results	939,668	(287)	8,650	948,030
Unallocated corporate expenses:				
Selling and promotion expenses				(250,127)
Administrative expenses				(371,941)
Other income				89,616
Other operating expenses				(65,517)
Finance cost				(29,744)
Loss of share from Associate				(18,322)
Taxation				(44,990)
Profit after taxation				257,005

	Dec-19			
	NFS	IS & SSS	BPO	Total
Rupees in '000'				
Revenue - net				
External sales				
Licence	389,129	-	-	389,129
Services	1,284,728	-	90,775	1,375,503
Maintenance	817,050	6,049	-	823,099
Total revenue	2,490,907	6,049	90,775	2,587,731
Cost of revenue	(1,569,409)	(2,219)	(95,025)	(1,666,653)
Segment results	921,498	3,830	(4,250)	921,078
Unallocated corporate expenses:				
Selling and promotion expenses				(272,665)
Administrative expenses				(395,470)
Other income				101,769
Other operating expenses				(434,870)
Finance cost				(21,412)
Loss of share from Associate				(38,432)
Taxation				(111,970)
Loss after taxation				(251,972)

*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.

20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 11, 2021 by the Board of Directors.

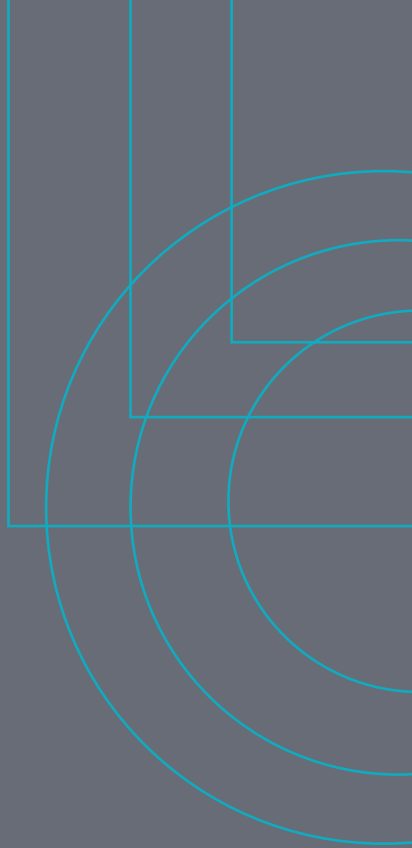
21. GENERAL

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



NETSOL Technologies Limited

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