

FORM-08

Date: 30/04/2021

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

Subject: **Transmission of Quarterly Report for the Period Ended March 31, 2021**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended March 31, 2021 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 Nine Months Ended
March 31,

2021

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
Tel: +92-42-111-44-88-00,
+92-42-35727096-7
Fax: +92-42-35701046, 35726740

RAWALPINDI OFFICE

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

KARACHI OFFICE

43/1/Q, Amna Villa # 1
Block # 03. P.E.C.H.S, 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 (NETSOL or the Company), we are pleased to present the unaudited condensed financial statements of your company together with its consolidated accounts for the period ended March 31, 2021.

GENERAL OVERVIEW

During the first quarter of new calendar year, alongside continuing to promote the company's premier, next-gen platform NFS Ascent, NETSOL's sales and marketing teams put in a lot of effort in digitally promoting the product's cloud version. NFS Ascent on the Cloud is offered via flexible, subscription-based pricing and rapid deployments. The SaaS model is geared towards not just Tier-Two companies, but also Tier-One companies that have generated interest in Ascent's Cloud version. Subscription-based pricing is being offered on a monthly, quarterly or annual basis. Along with other value-based factors built into the model, this value-based pricing plan is intended to decrease initial buy-in cost for new customers and provide an alternative to current customers seeking lower software usage and maintenance costs. However, license option is still available for high end and Tier-One customers.

Since the onset of COVID-19, from March 2020 onwards, the majority of the company's employees have been working from home till date. With state-of-the-art remote working infrastructure and platforms in place, the NETSOL team has had absolutely no disruption in delivering its services to its global clientele. In the course of this period, NETSOL has remotely delivered seven projects in seven different countries including both on-prem as well as cloud deployments for auto captives with multi-country operations as well as for large-sized and startup banks.

NETSOL also continued its presence in industry-leading events during Q3. In North America, NETSOL presented at both the AFSA Virtual Vehicle Finance Conference where it was a Roundtable Sponsor as well as the CFLA International Women's Day Virtual Conference. In the United Kingdom, the company attended the Virtual Car Finance Conference where it was a Headline Partner and participated in the panel discussion. The founding management team of NETSOL expounded the company's growth over the years and explained its current and future potential at these events providing valuable insight into NETSOL's culture and journey.

FINANCIAL PERFORMANCE

Comparisons of un-audited financial results of the third quarter ended March 31, 2021 with the corresponding period of fiscal year 2020 and cumulative results for the nine months ended March 31, 2021 with those of March 31, 2020 are given below:

	SEPARATE FINANCIAL STATEMENTS			
	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000'			
Revenue (in PKR million)	1,241	1,159	3,620	3,746
Gross profit (in PKR million)	455	359	1403	1,280
Net (loss)/profit (in PKR million)	(180)	201	77	151
EPS – diluted (in PKR.)	(2.00)	2.24	0.86	1.68
EBITDA per share – diluted (in PKR.)	(0.54)	3.52	5.30	6.14

Despite challenging business environment fraught with adverse implications of Covid-19 pandemic, the company remained able in improving its topline revenue by 7% in the current quarter compared to the revenues posted in the same quarter of previous fiscal year. The company achieved net revenue of PKR 1,241 million as compared to PKR 1,159 million during the corresponding period last year. The Company has recorded a handsome amount of change requests from its existing customers for enhancement and customization in the systems deployed at their respective sites. This is a continuous nature of services revenue coming from our existing customers. In addition to it, Subscription and support revenue (previously called maintenance revenue) also increased from PKR 444 million to PKR 559 million during the current quarter.

We are pleased to inform that SaaS revenue has also started flowing to the Company. As announced earlier, we had started offering our product on cloud as well and have implemented the SaaS version at couple of client's sites. The Subscription and support revenue includes SaaS revenue of PKR 45 million recognized during the current quarter.

Cost of revenue remained more or less unchanged. Gross Margins during the period clocked in at 37%, as compared to the corresponding period where margins were recorded at 31%. Stability in revenues coupled with cost optimization initiatives translated into a 117% QoQ improvement in the company's operating profits which increased from PKR 65 million last year to PKR 141 million in the current quarter.

The Company posted a net loss of PKR 180 million compared to a net profit of PKR 201 million last year. Loss per diluted share were PKR 2.00 in comparison of earnings per diluted share of PKR 2.24 in the corresponding period of last fiscal year. The drop in net earnings is mainly due to foreign currency exchange loss of PKR 290 million due to appreciation of Pak Rupee in the current quarter compared to an exchange gain of PKR 229 million in the comparable period. The Company is exposed to foreign currency risk on trade debts, some payables and revenues which are entered in a currency other than Pak Rupee. Majority of the revenue of the Company is in currencies other than Pak Rupees. The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Company posted net EBITDA loss of PKR 0.54 per diluted share compared to EBITDA profit of PKR 3.52 per share in the corresponding period. On year to date basis, the company posted revenue PKR 3,620 million compared to PKR 3,746 million in the corresponding period. The Company posted a net profit of PKR 77 million in comparison of PKR 151 million during the same period last year. Diluted earnings per share for the nine months ended March 31, 2021 were PKR 0.86 in comparison of PKR 1.68 in the corresponding period. Year to date EBITDA profit for the current period was PKR 5.30 compared to PKR 6.14 in the preceding period.

The Company also consolidates financial results of its subsidiary 'NETSOL Innovation (Pvt) Limited' which currently has no business. Net consolidated revenues for the quarter ended March 31, 2021 were PKR. 1,241 million compared to PKR 1,159 million in 2020. Consolidated gross profit for the quarter was PKR 455 million compared to PKR 359 million in the same period last year. On a consolidated basis, the company posted net consolidated loss of PKR 180 million in the current quarter compared to net consolidated profit of PKR 202 million in the same period last year. Diluted loss per share for the quarter ended March 31, 2021 were PKR 2.00 in comparison of diluted earnings per share PKR 2.24 in the corresponding period.

FUTURE OUTLOOK

With the onset of the third wave of COVID-19, NETSOL immediately transitioned back to WFH (Work from Home) for all its employees. Previously, employees had returned to the office in very small numbers as cases began to decrease, but with the deadly third wave of the unprecedented crisis, an important decision was taken for all employees to continue to work from home. However, while the Government of Pakistan has not enforced another full lockdown as of yet, and with the availability of both the Chinese and Russian vaccines in Pakistan, there is some positive outlook towards normalcy in the coming months.

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. This is a great opportunity for the company to boost its cloud based clientele and we believe that the cloud revenue will surpass the conventional license fee in few years to come. NETSOL will also continue to promote its digital transformation suite (NFS Digital) for the global finance and leasing space.

NETSOL attends annual industry leading events including conferences, conventions, summits and expositions across the globe. During this quarter, NETSOL continued to attend these events virtually, as no live events have been taking place due to the global health crisis. However, with the availability and initiation of vaccination drives in North America, Europe and Asia Pacific, these industry leading events are expected to resume to being live or hybrid (live plus online) events. The company looks forward to attending live events as soon as they resume in order to continue its in-person lead generation.

During these times, NETSOL has continued to invest in research and development to continue enabling its diverse clientele worldwide to futureproof its operations. The company's Innovation Lab continues to work on vital technologies that have gained traction in the global asset finance and leasing space, including Ai, Machine Learning, Big Data and Block chain.

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

April 29, 2021
Lahore



Omar Ghauri
Director

عمومی جائزہ :- (General Overview)

مارچ 2020ء سے COVID-19 کے آغاز کے بعد سے، یعنی کے زیادہ تر آغاز میں ابھی تک کھڑے کا کر کے ہیں دور دراز (remotely) کام کر کے، والے انٹرنیٹ پر اوپنٹ فارم کی موجودگی سے نیت سولی بھی بھڑکی۔ حکومت کی خدمات عالمی کا پائیس کوفہ ایپریل سے، جس کے دوران نیت سولی کے سات مختلف ملک ابھی remotely طریقہ سے سات پر ویت نام کی فراہمی کی جس میں سب سے زیادہ پتہ چلے مختلف ملک کی آئین میں ہے اور بڑے اور چھوٹے پتہ پر on-perm نیت سولی میں دونوں deployments 24/7 کے سات پر ویت نام کی فراہمی کی جس میں سب سے زیادہ پتہ چلے

نیٹ سول میں تیسری سرماہی کے دوران معروف ایف پی او بیسی جی ٹرسٹ کی کینیڈا امریکہ میں، نیٹ سول نے AFSA Virtual Vehicle Finance Conference میں شرکت کی، جہاں ایک پانچ روزہ Roundtable Sponsor اور اس کے ساتھ ساتھ CFLA International Women's Day Virtual Conference میں بھی شرکت فرمائی۔ یہ تقریبیں ۲۰ جولائی کو آغاز ہوئیں جبکہ ۲۱ جولائی پر بائیسویں سالگرہ مناسبتوں کا انعقاد کیا گیا۔

پانچ روزہ راولپنڈی میں شرکت کنندگان نے نیٹ سول کی توسیع اور مستقبل کی صلاحیت کو وضاحت سے چیل کیا اور نیٹ سول کی ترقی کے سفر کے بارے میں چل قدم و معلومات فراہم کی۔

مالیاتی کارکردگی (Financial performance)

انفرادی مالیاتی گوشوارے

نتائج کا موازنہ درج ذیل ہے۔

جنوری تا مارچ 2021ء	جنوری تا مارچ 2020ء	جنوری تا مارچ 2021ء	جنوری تا مارچ 2020ء
1,241	1,159	3,620	3,746
455	359	1,403	1,280
(180)	201	77	151
(2.00)	2.24	0.86	1.68
(0.54)	3.52	5.30	6.14

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الگست کی محمولات میں کم بیش کوئی تبدیلی نہیں کی گئی۔ اس عرصے کے دوران مجموعی مارچن 37 فیصد راکھ کاڑھ کا تھاس کا مواد گزشتہ سال کی اس مدت میں 31 فیصد سے کیا گیا ہے۔ محمولات میں اسٹیکم کے الگست اور اصلاح کے اقدامات کے ساتھ کوئی کے تریبگ مبلغ میں 117 فیصد سرمایہ بچہری نظر کی جواس سرمایہ میں 65 فیصد روپے سے بڑھ کر 141 فیصد روپے ہو گیا ہے

[illegible][illegible]

مستقبل کا نظریہ Future Outlook

COVID-19 کی تیسری لہر کے ناکامی کی بنا پر سول نے اپنے تمام ملازمین کو نوڈی طور پر واپس WFH (گھر سے کام) کرنے والے ڈال کر منتقل کر دیا تھا۔ اس سے قبل، وہ بارے کے معاملات کم ہونے کے ساتھ ملازمین بہت کم تعداد میں دفتر میں واپس آئے تھے، لیکن اس سے پیش ہلکے جراثیم خیزی لہر کے باعث، تمام ملازمین کو گھر سے کام چار کر کے ناکام کیا۔ فیصلہ کیا گیا کہ جب حکومت پاکستان نے ایسی نئی ایک واکسل لاک ڈاؤن کا اعلان کیا، ملازمین کو دوبارہ واپس آنا پڑا۔ لیکن ملازمین کو دوبارہ واپس آنا پڑا۔ لیکن ملازمین کو دوبارہ واپس آنا پڑا۔ لیکن ملازمین کو دوبارہ واپس آنا پڑا۔


[illegible][illegible]

(Acknowledgement) اعتراف

[illegible]

از طرف اول و آخر و اواسط

عمر شہاب غوری
(ڈائریکٹر)


 سلیم اللہ غوری
 (جفرا گزیکہ آفسر)

1981

29 اپریل 2021ء



FINANCIAL STATEMENTS

For The Nine Months Ended March 31, 2021



Condensed Interim Statement of Financial Position - Unaudited

As at March 31, 2021

	NOTE	Mar-21 Unaudited	Jun-20 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,625,094	1,542,792
Intangible assets	6	700,769	920,897
		2,325,863	2,463,689
Long term investments	7	210,466	239,827
Long term loans to employees		2,478	1,571
		2,538,807	2,705,087
CURRENT ASSETS			
Trade debts	8	3,002,448	2,200,933
Contract assets		742,557	1,652,633
Loans and advances		29,504	14,145
Trade deposits & short term prepayments		61,136	25,672
Other receivables		6,461	8,672
Due from related parties		553,665	373,619
Taxation - net		16,575	16,490
Cash & bank balances		2,759,341	2,081,859
		7,171,687	6,374,023
TOTAL ASSETS		9,710,494	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	6,088,829	5,999,116
		6,987,211	6,897,498
NON-CURRENT LIABILITIES			
Long term financing	11	109,319	172,500
Lease liabilities		2,415	14,924
		111,734	187,424
CURRENT LIABILITIES			
Trade and other payables	12	321,906	193,651
Contract liabilities		474,859	311,541
Short term borrowings		1,580,000	1,380,000
Current portion of long term liabilities		229,459	103,106
Unclaimed dividend		5,325	5,890
		2,611,549	1,994,187
CONTINGENCIES & COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		9,710,494	9,079,110

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of Profit or Loss - Unaudited

For The Nine Months Ended March 31, 2021

	NOTE	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
		Rupees in '000'		Rupees in '000'	
Revenue from contracts with customers - net	14	1,240,751	1,158,674	3,619,552	3,746,405
Cost of revenue		(786,181)	(799,589)	(2,216,952)	(2,466,242)
Gross profit		454,570	359,085	1,402,600	1,280,163
Selling and promotion expenses		(122,455)	(99,487)	(372,582)	(372,152)
Administrative expenses		(191,461)	(194,751)	(563,335)	(590,221)
		(313,916)	(294,238)	(935,917)	(962,373)
Operating Profit		140,654	64,847	466,683	317,790
Other income		56,012	280,493	121,297	366,531
		196,666	345,340	587,980	684,321
Other operating expenses		(336,918)	(95,369)	(379,042)	(313,225)
Finance cost		(14,214)	(13,363)	(43,958)	(34,765)
Share of loss of Associate		(9,166)	(8,101)	(27,488)	(46,533)
Profit / (Loss) before taxation		(163,632)	228,507	137,492	289,798
Taxation					
Current Period	15	(14,145)	(27,398)	(58,168)	(138,563)
Prior Period	15	(2,041)	-	(2,491)	-
		(16,186)	(27,398)	(60,659)	(138,563)
Profit / (Loss) after taxation for the period		(179,818)	201,109	76,833	151,235
Earnings / (Loss) per share					
Basic - In Rupees	17	(2.00)	2.24	0.86	1.68
Diluted - In Rupees	17	(2.00)	2.24	0.86	1.68

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement of other Comprehensive Income - Unaudited
For The Nine Months Ended March 31, 2021

	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000'		Rupees in '000'	
Profit / (Loss) after taxation for the period	(179,818)	201,109	76,833	151,235
Other comprehensive income / (Loss)	-	-	-	-
Other comprehensive (Loss) that may be reclassified to profit or loss in subsequent periods (net of tax):				
Share of other comprehensive (Loss) of an associate	-	(22,182)	(1,873)	(22,588)
Total comprehensive income / (Loss) for the period	(179,818)	178,927	74,960	128,647

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Statement of Cash Flows - Unaudited

For The Nine Months Ended March 31, 2021

	Jul-Mar 2021	Jul-Mar 2020
Rupees in '000'		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	137,492	289,798
Adjustments for non cash charges and other items:		
Depreciation - own assets	155,959	130,433
Amortization of Right of Use Assets	14,867	21,647
Amortization of intangible assets	220,128	220,128
(Gain) on disposal of fixed assets	5,543	(48)
Amortization of deferred revenue	(2,014)	(2,014)
Foreign exchange (gain) / Loss	269,072	11,461
Interest expense	56,993	33,530
Interest income	(96,488)	(145,410)
Dividend income	-	(218,384)
Deferred employee compensation expense	14,752	21,983
Amortization of deferred grant	(13,907)	-
Provision for expected credit losses	63,614	74,406
Share of loss of Associate	27,488	46,533
	716,007	194,264
Cash generated from operations before working capital changes	853,498	484,062
Working Capital Changes		
Trade debts & Contract Assets/Liabilities	(60,806)	(823,138)
Loans and advances	(16,266)	17,627
Trade deposits & short term prepayments	(35,464)	(8,849)
Other receivables	2,211	(7,657)
Due from related parties	(180,046)	(240,576)
Trade and other payables	130,025	(55,545)
Cash (used in) operations	(160,346)	(1,118,138)
Interest paid	(58,762)	(29,497)
Income taxes paid	(60,744)	(100,559)
Dividend paid	(565)	(249,768)
Net cash generated from/(used in) operations	573,081	(1,013,900)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment's purchased	(259,242)	(93,391)
Sales proceeds of fixed asset	5,744	5,852
Advances against capital expenditure	(5,174)	22,854
Interest received	96,488	145,410
Net cash generated from/(used in) investing activities	(162,183)	80,722
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	1,140
Share premium	-	714
Paid against lease liabilities	(25,969)	(31,635)
Long term loan	85,571	-
Deferred grant	8,020	-
Short term borrowing	200,000	327,000
Dividend received	-	218,384
Long term advances	(1,038)	930
Net cash generated from financing activities	266,584	516,533
Net Increase / (Decrease) in cash and cash equivalents	677,482	(416,645)
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	2,759,341	1,535,101

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Interim Statement of Changes in Equity - Unaudited

For The Nine Months Ended March 31, 2021

	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 Profit for the period	-	-	-	-	-	151,235	151,235
Other comprehensive loss for the period	-	-	-	-	(22,588)	-	(22,588)
Total comprehensive Income for the period	-	-	-	-	(22,588)	151,235	128,647
Shares issued against options exercised (114,000 shares at Rs. 10 each)	1,140	(1,872)	(168)	900	-	-	(0)
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			21,983		-	-	21,983
	1,140	-	21,795	900	(22,588)	(100,308)	(99,060)
Balance as at March 31, 2020	898,369	13	188,162	304,167	(22,588)	5,412,277	6,780,400
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	-	-	-	-	-	76,833	76,833
Other comprehensive loss for the period					(1,873)	-	(1,873)
Total comprehensive income for the period	-	-	-	-	(1,873)	76,833	74,960
Contribution of parent on account of employee share options	-	-	14,752	-	-	-	14,752
	-	-	14,752	-	(1,873)	76,833	89,713
Balance as at March 31, 2021	898,369	13	220,649	304,167	(18,703)	5,582,716	6,987,211

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Condensed Interim Financial Statements - Unaudited

For The Nine Months Ended March 31, 2021

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. 22.433 Million for 9 months ended March 31, 2021. Effect of change in accounting estimate for future periods is not disclosed because estimating it is impracticable.

		Mar-21 Unaudited	Jun-20 Audited
		Rupees in '000'	
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,538,725	1,443,854
Net book value of right of use assets	5.2	81,195	98,938
Advances against capital expenditure		5,174	-
		1,625,094	1,542,792
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,443,854	1,506,400
Additions	5.1.1	262,117	127,335
		1,705,971	1,633,735
Less:			
Disposals - net book value	5.1.2	(11,287)	(13,591)
Depreciation & amortization		(155,959)	(176,290)
		1,538,725	1,443,854
5.1.1 Following is the detail of addition / (transfer)			
Furniture & fixture		244	3,431
Vehicles		94,719	62,788
Office equipment		8,128	4,576
Computers		139,695	52,454
Air conditioners		180	3,453
Computer software		19,151	634
Total		262,117	127,335

5.1.2 Following is the detail of deletions	Cost	Mar-21 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Vehicles	6,266	4,361	1,905	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
Computer software	354,542	346,054	8,488	-	-	-
Total	377,708	366,420	11,287	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					(14,867)	(28,478)
					81,195	98,938

5.2.1 Following is the detail of deletions	Cost	Mar-21 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

Rupees in '000'						
6. INTANGIBLE ASSETS						
Opening Balance - net book value					920,897	1,214,401
					920,897	1,214,401
Less:						
Amortization					(220,128)	(293,504)
					700,769	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						
WRDL3D Inc. (Unquoted company)				7.2	180,403	209,764
					210,466	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 WRDL3D 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.

		Mar-21 Unaudited	Jun-20 Audited
		Rupees in '000'	
8. TRADE DEBTS			
Considered good - unsecured	8.1	3,002,448	2,200,933
Considered doubtful - unsecured	8.2	303,557	233,499
		3,306,005	2,434,432
Less: Provision against expected credit losses		(303,557)	(233,499)
		3,002,448	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	150,497	84,995
	NetSol Technologies (Beijing) Company Limited	1,152,301	702,287
	NetSol Australia Pty. Limited	78,569	36,363
	NetSol Technologies Americas	256,683	219,825
	Ascent Europe Limited	44,820	-
	WRLD3D Inc	226,980	247,362
		1,909,848	1,290,832
9. SHARE CAPITAL			
9.1 Authorised share capital			
	Mar-21 Unaudited	Jun-20 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
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares
	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.			
		Mar-21 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		220,649	205,897
Foreign currency translation reserve		(18,703)	(16,830)
Revenue reserve			
Un - appropriated profit		5,582,716	5,505,882
		6,088,829	5,999,116
11 LONG TERM FINANCING			
Long term Finance facility		297,512	211,941
Deferred grant		14,215	20,102
Less: Current portion shown under current liabilities:			
Current portion of Long term finance facility		(190,291)	(49,546)
Current portion of deferred grant		(12,117)	(9,996)
		(202,408)	(59,543)
		109,319	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		Mar-21	Jun-20
Associated		Unaudited	Audited
		Rupees in '000'	
NetSol Technologies Europe Limited	12.1.1	8,077	11,561
		8,077	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.

13.2 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. 2.083M under capital purchase agreements as at March 31, 2021. (2020: Nil).

	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000'		Rupees in '000'	
14. REVENUE FROM CONTRACTS WITH CUSTOMERS				
DISAGGREGATION OF REVENUE:				
Export Revenue				
License	158,948	-	398,936	389,129
Services	522,595	711,943	1,648,533	2,087,446
Subscription and Support	559,208	443,707	1,572,083	1,260,757
	1,240,751	1,155,650	3,619,552	3,737,332
Local Revenue				
Subscription and Support	-	3,508	-	10,524
Sales tax	-	(484)	-	(1,452)
	-	3,024	-	9,073
	1,240,751	1,158,674	3,619,552	3,746,405

15. TAXATION

Income of the Company from export of computer software or IT services or IT enabled services is allowed a tax credit equal to 100% of tax payable 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 Section 65F 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.

	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000'		Rupees in '000'	
17. EARNINGS PER SHARE				
Basic				
Profit / (Loss) after taxation for the period	(179,818)	201,109	76,833	151,235
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,827
Basic - In Rupees	(2.00)	2.24	0.86	1.68
Diluted				
Profit / (Loss) after taxation for the period	(179,818)	201,109	76,833	151,235
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,836
Diluted - In Rupee	(2.00)	2.24	0.86	1.68

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-Mar 2021	Jul-Mar 2020
		Rupees in '000'	
Relationship with the Company	Nature of transactions		
(i) Subsidiary	Dividend received	-	213,888
(ii) Associated undertaking	Rental income	675	675
	Provision of services	1,460,019	880,883
	Purchase of services	19,619	22,251
	Purchase of assets	-	460
(iii) Parent	Dividend	-	116,417
(iv) Key management personnel	Salaries and benefits	114,373	136,052
	Retirement benefits	5,746	3,929
	Commission paid	177,098	132,809
(v) Post employment benefit	Contribution to defined contribution plan	97,327	86,520

(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 April 29, 2021 by the Board of Directors.

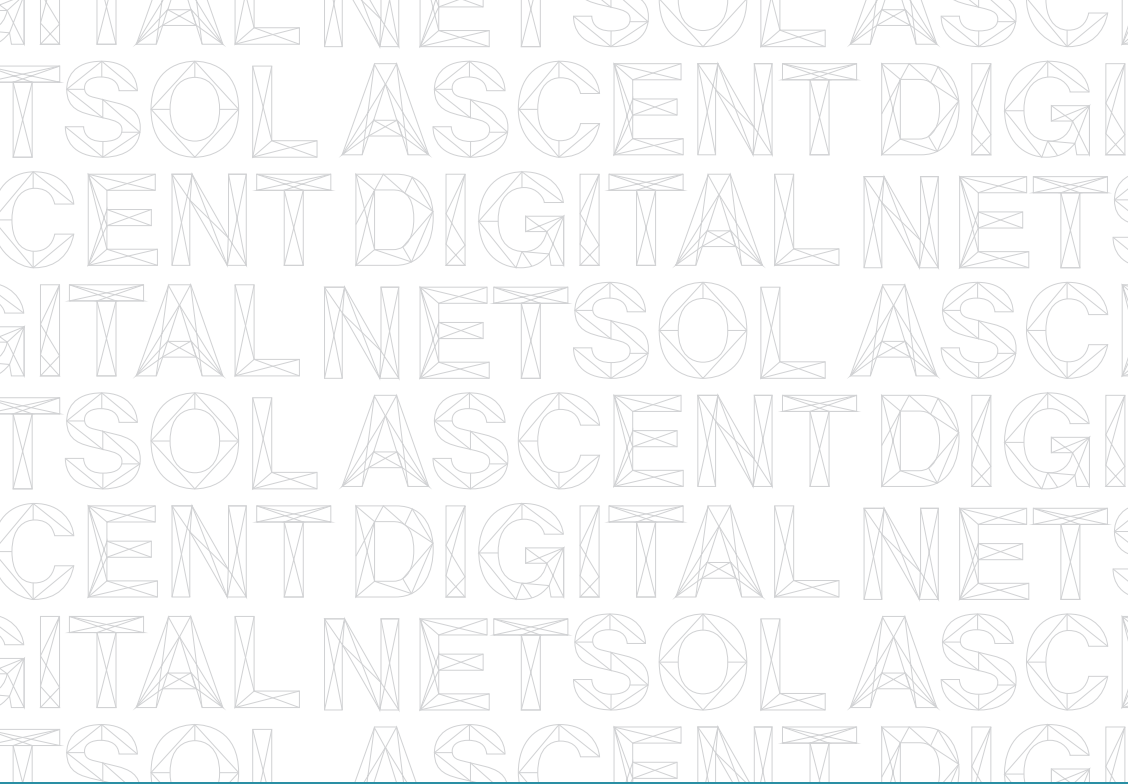
20. GENERAL

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

CHIEF EXECUTIVE OFFICER

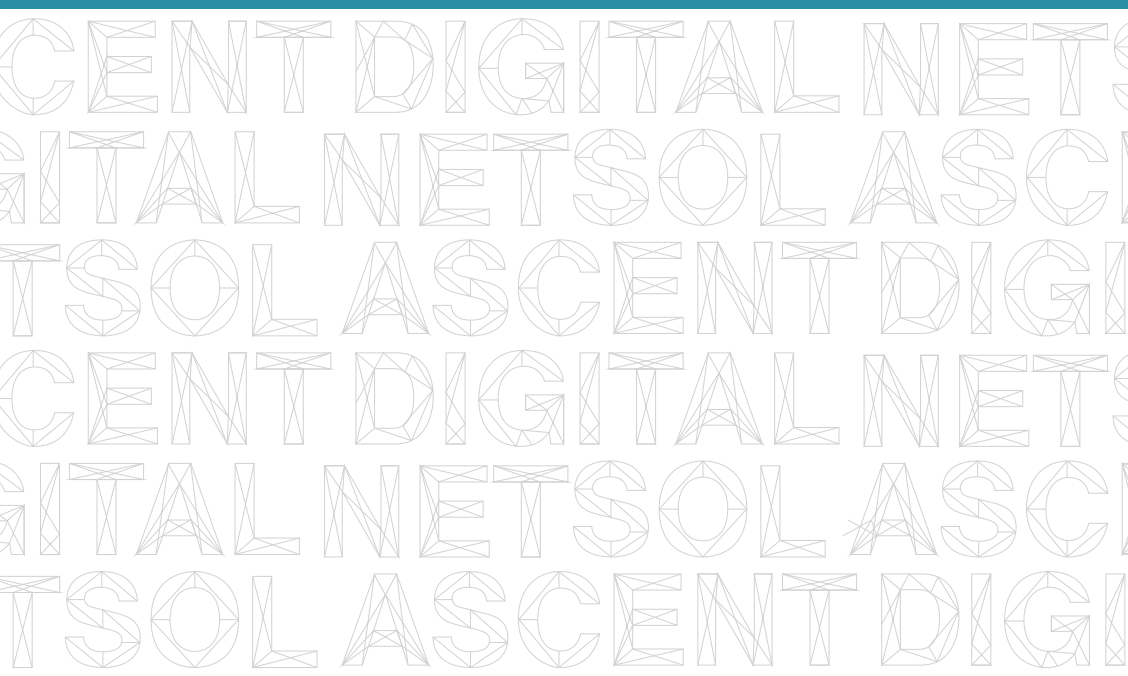
CHIEF FINANCIAL OFFICER

DIRECTOR



CONSOLIDATED FINANCIAL
STATEMENTS

For The Nine Months Ended March 31, 2021



Condensed Consolidated Interim statement Of Financial Position - Unaudited

As at March 31, 2021

	NOTE	Mar-21 Unaudited	Jun-20 Audited
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,632,370	1,550,068
Intangible assets	6	700,769	920,897
		2,333,139	2,470,965
Long term Investment	7	180,403	209,764
Long term loans to employees		2,478	1,571
		2,516,020	2,682,300
CURRENT ASSETS			
Trade debts	8	3,002,448	2,200,933
Contract assets		742,557	1,652,633
Loans and advances		29,504	14,145
Trade deposits & short term prepayments		61,165	25,672
Other receivables		6,461	8,672
Due from related parties		553,665	373,619
Taxation - net		16,421	16,533
Cash & bank balances		2,794,137	2,115,872
		7,206,358	6,408,079
TOTAL ASSETS		9,722,378	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	6,100,133	6,009,760
		6,998,515	6,908,142
NON-CURRENT LIABILITIES			
Long term financing	11	109,319	172,500
Lease liabilities		2,415	14,924
		111,062	187,425
CURRENT LIABILITIES			
Trade and other payables	12	322,486	194,276
Contract liabilities		474,859	311,541
Short term borrowings		1,580,000	1,380,000
Current portion of long term liabilities		230,131	103,106
Unclaimed dividend		5,325	5,890
		2,612,801	1,994,813
CONTINGENCIES & COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		9,722,378	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 Nine Months Ended March 31, 2021

	NOTE	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
		Rupees in '000'		Rupees in '000'	
Revenue from contracts with customers - Net	14	1,240,751	1,158,674	3,619,552	3,746,405
Cost of revenue		(786,181)	(799,589)	(2,216,952)	(2,466,242)
Gross profit		454,570	359,085	1,402,600	1,280,163
Selling and promotion expenses		(122,455)	(99,487)	(372,582)	(372,152)
Administrative expenses		(191,490)	(194,751)	(563,431)	(590,221)
		(313,945)	(294,238)	(936,013)	(962,373)
Operating profit		140,625	64,847	466,587	317,790
Other income		56,480	281,416	122,706	154,436
		197,105	346,263	589,293	472,226
Other operating expenses		(336,918)	(95,369)	(379,042)	(301,487)
Finance cost		(14,214)	(13,363)	(43,958)	(34,775)
Loss of share from Associate		(9,166)	(8,101)	(27,488)	(46,533)
Profit / (Loss) before taxation		(163,193)	229,430	138,805	89,431
Taxation					
Current period	15	(14,281)	(27,535)	(58,577)	(139,505)
Prior period	15	(2,041)	-	(2,735)	-
		(16,322)	(27,535)	(61,312)	(139,505)
(Loss) / Profit after taxation for the period		(179,515)	201,895	77,493	(50,074)
Attributable to:					
Equity holders of NetSol Technologies Limited		(179,515)	201,506	77,493	(58,522)
Non - controlling interest		-	389	-	8,448
		(179,515)	201,895	77,493	(50,074)
(Loss) / Earnings per share					
Basic - In Rupees	17	(2.00)	2.24	0.86	(0.65)
Diluted - In Rupees	17	(2.00)	2.24	0.86	(0.65)

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 Nine Months Ended March 31, 2021

	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000'		Rupees in '000'	
Profit / (Loss) after taxation for the period	(179,515)	201,895	77,493	(50,074)
Other comprehensive income / (Loss)				
Other comprehensive (loss) that may be reclassified to profit or loss in subsequent periods (net of tax):	-	-		
Share of other comprehensive (loss) of an associate	-	(22,182)	(1,873)	(22,588)
Total comprehensive Income / (Loss) for the period	(179,515)	179,713	75,620	(72,662)
Attributable to:				
Equity holders of NetSol Technologies Limited	(179,515)	179,325	75,620	(81,110)
Non - controlling interest	-	389	-	8,448
	(179,515)	179,713	75,620	(72,662)

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 Nine Months Ended March 31, 2021

NOTE	Jul-Mar 2021	Jul-Mar 2020
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation for the period	138,805	89,431
Adjustments for non cash charges and other items:		
Depreciation - own assets	155,959	130,433
Amortization of Right of use assets	14,867	21,647
Amortization of intangible assets	220,128	220,128
(Gain) on disposal of fixed assets	5,543	(57)
Amortization of deferred revenue	(2,014)	(2,014)
Foreign exchange (gain) / Loss	269,072	11,461
Interest expense	56,993	33,530
Interest income	(97,897)	(151,690)
Deferred employee compensation expense	14,752	21,983
Amortization of deferred grant	(13,907)	-
Provision for expected credit losses	63,614	74,406
Share of loss of Associate	27,488	46,533
	714,597	406,361
Cash generated from operations before working capital changes	853,402	495,792
Working Capital Changes		
Trade debts & Contract Assets/Liabilities	(60,806)	(475,813)
Loans and advances	(16,266)	17,627
Trade deposits & short term prepayments	(35,493)	(8,849)
Other receivables	2,211	(7,657)
Due from related parties	(180,046)	(240,576)
Trade and other payables	129,980	(55,575)
Cash (used in) operations	(160,420)	(770,843)
Interest paid	(58,762)	(29,497)
Income taxes paid	(61,200)	(101,503)
Dividend paid	(565)	(463,656)
Net cash generated from / (used in) operations	572,455	(869,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(259,242)	(93,391)
Sales proceeds of fixed asset	5,744	5,881
Advances against capital expenditure	(5,174)	22,854
Interest received	97,897	151,690
Net cash (used in) / generated from investing activities	(160,775)	87,030
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	1,140
Share premium	-	714
Paid against lease liabilities	(25,969)	(31,635)
Long term payable	85,571	-
Deferred grant	8,020	-
Short term borrowing	200,000	327,000
Long term advances	(1,038)	930
Net cash generated from financing activities	266,584	298,149
Net increase /(decrease) in cash and cash equivalents	678,265	(484,528)
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	2,794,137	1,568,574

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 Nine Months Ended March 31, 2021

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	Total		
			Employee share option compe-nsa- tion reserve	Share premium	Foreign currency translation reserve	Unappropri ated profit			
			Rupees In '000'						
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									
March 31, 2020	-	-	-	-	-	(58,522)	(58,522)	8,448	(50,074)
Other comprehensive (loss)	-	-	-	-	(22,588)	-	(22,588)	-	(22,588)
Total comprehensive (loss) / profit for the period				-	(22,588)	(58,522)	(81,110)	8,448	(72,662)
Shares deposit money against options exercised	-	1,872	-	-	-	-	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)	(465,431)
Contribution of parent on account of employee share options			21,983				21,983		21,983
	1,140	-	21,795	900	(22,588)	(310,065)	(308,818)	(205,440)	(514,258)
Balance as at March 31, 2020	898,369	13	188,820	304,167	(22,588)	5,416,961	6,785,741	19,595	6,805,337
Balance as at June 30, 2020	898,369	13	206,555	304,167	(16,830)	5,515,868	6,908,142	-	6,908,142
Net Profit for the period	-	-	-	-	-	77,493	77,493	-	77,493
Other comprehensive (loss) for the period					(1,873)		(1,873)		(1,873)
Total comprehensive (loss) / profit for the period	-	-	-	-	(1,873)	77,493	75,620	-	75,620
Contribution of parent on account of employee share options			14,752	-	-	-	14,752	-	14,752
	-	-	14,752	-	(1,873)	77,493	90,372	-	90,372
Balance as at March 31, 2021	898,369	13	221,307	304,167	(18,703)	5,593,361	6,998,514	-	6,998,514

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 Nine Months Ended March 31, 2021

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 in current period by Rs. 22.43 Million for 9 months ended March 31, 2021. Effect of change in accounting estimate for future periods is not disclosed because estimating it is impracticable.

		Mar-21 Unaudited	Jun-20 Audited
		Rupees in '000'	
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,546,001	1,451,130
Net book value of right of use assets	5.2	81,195	98,938
Advances against capital expenditure		5,174	-
		1,632,370	1,550,068
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,451,130	1,513,696
Additions	5.1.1	262,117	127,335
		1,713,247	1,641,031
Less:			
Disposals - net book value	5.1.2	(11,287)	(13,611)
Depreciation & amortization		(155,959)	(176,290)
		1,546,001	1,451,130
5.1.1 Following is the detail of addition / (transfer)			
Furniture & fixture		244	3,431
Vehicles		94,719	62,788
Office equipment		8,128	4,576
Computers		139,695	52,454
Air conditioners		180	3,453
Computer software		19,151	634
Total		262,117	127,335

5.1.2 Following is the detail of deletions	Cost	Mar-21 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Vehicles	6,266	4,361	1,905	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
Computer software	8,488	-	8,488	-	-	-
Total	31,654	20,367	11,287	25,109	11,497	13,611

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		(14,867)	(28,478)
		81,195	98,938

5.2.1 Following is the detail of deletions	Cost	Mar-21 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

	Mar-21 Unaudited	Jun-20 Audited
Rupees in '000'		
6. INTANGIBLE ASSETS		
Opening Balance - net book value	920,897	1,214,401
Less:		
Amortization	(220,128)	(293,504)
	700,769	920,897
7. LONG TERM INVESTMENTS - at cost		
Investment in associate		
WRLD3D inc. (Unquoted company)	7.1	180,403
		209,764
	180,403	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	Mar-21 Unaudited	Jun-20 Audited
		Rupees in '000'	
8. TRADE DEBTS			
Considered good - unsecured	8.3	3,002,448	2,200,933
Considered doubtful - unsecured	8.2	303,557	233,499
		3,306,005	2,434,432
Less: Provision for Expected credit losses		(303,557)	(233,499)
		3,002,448	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		150,497	84,995
NetSol Technologies (Beijing) Company Limited		1,152,301	702,287
NetSol Australia Pty. Limited		78,569	36,363
Netsol Technologies North Americas		256,683	219,825
Ascent Europe Limited		44,820	-
WRLD3D Inc		226,980	247,362
		1,909,848	1,290,832
9. SHARE CAPITAL			
9.1 Authorised share capital			
Mar-21 Unaudited	Jun-20 Audited	Mar-21 Unaudited	Jun-20 Audited
Number of shares		Rupees in '000'	
150,000,000	150,000,000	1,500,000	1,500,000
Ordinary Shares of Rs. 10 each.			
9.2 Issued, subscribed & paid-up capital			
42,686,191	42,686,191	426,862	426,862
47,150,732	47,150,732	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		221,307	206,555
Foreign currency translation reserve		(18,703)	(16,830)
Revenue reserve			
Un - appropriated profit		5,593,361	5,515,868
		6,100,133	6,009,760
11 LONG TERM FINANCING			
Long term Finance facility		297,512	211,941
Deferred grant		14,215	20,102
Less: Current portion shown under current liabilities:			
Current portion of Long term finance facility		(190,291)	(49,546)
Current portion of deferred grant		(12,117)	(9,996)
		(202,408)	(59,543)
		109,319	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

8,077

11,561

8,077

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.

13.2 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. 2.083M under capital purchase agreements as at March 31, 2021. (2020: Nil)

	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000'		Rupees in '000'	
14. REVENUE FROM CONTRACTS WITH CUSTOMERS				
DISAGGREGATION OF REVENUE:				
Export Revenue				
License	158,948	-	398,936	389,129
Services	522,595	711,943	1,648,533	2,087,446
Subscription and Support	559,208	443,707	1,572,083	1,260,757
	1,240,751	1,155,650	3,619,552	3,737,332
Local Revenue				
Subscription and Support	-	3,508	-	10,524
Sales tax	-	(484)	-	(1,452)
	-	6,532	-	9,073
	1,240,751	1,158,674	3,619,552	3,746,405

15. TAXATION

Income of the Group from export of computer software or IT services or IT enabled services is allowed a tax credit equal to 100% of tax payable 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 Section 65F 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 PER SHARE	Jan-Mar 2021	Jan-Mar 2020	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000'		Rupees in '000'	
Basic				
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	(179,515)	201,506	77,493	(58,522)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,827
Basic - In Rupees	(2.00)	2.24	0.86	(0.65)
Diluted				
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	(179,515)	201,506	77,493	(58,522)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,836
Diluted - In Rupees	(2.00)	2.24	0.86	(0.65)

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-Mar 2021	Jul-Mar 2020
			Rupees in '000'	
(i)	Associated undertaking	Rental Income	675	675
		Provision of services	1,460,019	880,883
		Purchase of services	19,619	22,251
		Purchase of fixed assets	-	460
(ii)	Parent	Dividend	-	116,417
(iii)	Key management personnel	Salaries and benefits	114,373	136,052
		Retirement benefits	5,746	3,929
		Commission paid	177,098	132,809
(iv)	Post employment benefit	Contribution to defined contribution plan	97,327	86,520
(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.

Mar-21				
	NFS	IS & SSS	BPO	Total
Rupees in '000'				
Revenue - net				
External sales				
License	398,936	-	-	398,936
Services	1,512,587	-	135,946	1,648,532
Subscription and Support	1,572,083	-	-	1,572,084
Total revenue	3,483,606	-	135,946	3,619,552
Cost of revenue	(2,099,065)	(287)	(117,600)	(2,216,952)
Segment results	1,384,541	(287)	18,346	1,402,600
Unallocated corporate expenses:				
Selling and promotion expenses				(372,582)
Administrative expenses				(563,431)
Other income				122,706
Other operating expenses				(379,042)
Finance cost				(43,958)
Loss of share from Associate				(27,488)
Taxation				(61,312)
Profit after taxation				77,493

Mar-20				
	NFS	IS & SSS	BPO	Total
Rupees in '000'				
Revenue - net				
External sales				
Licence	389,129	-	-	389,129
Services	1,955,961	-	131,485	2,087,446
Subscription and Support	1,260,757	9,073	-	1,269,830
Total revenue	3,605,847	9,073	131,485	3,746,405
Cost of revenue	(2,323,656)	(3,406)	(139,180)	(2,466,242)
Segment results	1,282,191	5,667	(7,695)	1,280,163
Unallocated corporate expenses:				
Selling and promotion expenses				(372,152)
Administrative expenses				(590,221)
Other income				154,436
Other operating expenses				(301,487)
Finance cost				(34,775)
Loss of share from Associate				(46,533)
Taxation				(139,505)
Loss after taxation				(50,074)

*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 April 29, 2021 by the Board of Directors.

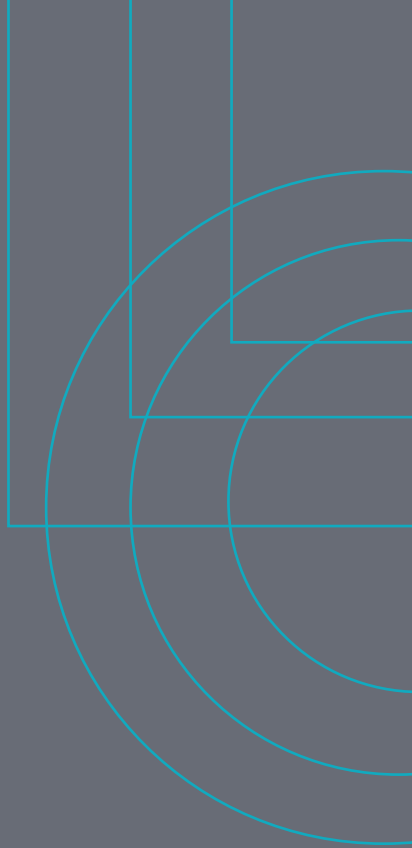
21. GENERAL

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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