



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

FORM-08
Date: 29/10/2021

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

Subject: **Transmission of Quarterly Report for the Period Ended September 30, 2021**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended September 30, 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 Quarter Ended

September 30,
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 GHURI
Chairman/Non-Executive Director

SALIM ULLAH GHURI
Chief Executive Officer/Executive Director

VASEEM ANVAR
Independent Director

ANWAAR HUSSAIN
Independent Director

HAMNA GHURI
Non-Executive Director

NAJEEB ULLAH GHURI
Non-Executive Director

OMAR SHAHAB GHURI
Executive Director

AUDIT COMMITTEE

ANWAAR HUSSAIN
Chairman

VASEEM ANVAR
Member

HAMNA GHURI
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, we are pleased to present the unaudited condensed financial statements of your company together with its consolidated accounts for the quarter ended September 30, 2021.

GENERAL OVERVIEW

Since the initiation of the pandemic, the operations of industries worldwide have been severely impacted. However, NETSOL Technologies weathered the storm impeccably, with the transition to remote working for the majority of its global team and remote deployments of several projects in multiple countries, both on-prem and via the cloud. With vaccination drives having taken place worldwide, a sense of normalcy has returned to the world.

During this quarter, alongside continuing to promote NETSOL's premier, next-generation platform NFS Ascent, NETSOL's sales and marketing teams have also continued promoting the product's cloud version. NFS Ascent, is now available on the Cloud via subscription-based pricing models without the need to pay any upfront license fees. Cloud/SaaS-based offerings have gained much momentum in our industry due to their flexible pricing options, swift deployments, and the ability to scale on demand. All our Cloud/SaaS products are offered via subscription-based pricing which works as a 'Pay-as-you-go' pricing model with different, flexible payment options to choose from, where charges are based on used services only, versus an entire infrastructure. Companies can further select the payment plan that suits their business and choose whether they would like to pay on a monthly, quarterly, or yearly 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. Due to these benefits for customers, alongside new, recurring revenue streams for NETSOL, we are encouraging our customers to move towards our SaaS-based offerings.

During the quarter, our sales team continued to chase up qualified leads and making efforts towards acquiring new business and creating new opportunities. NETSOL also continued to maintain its presence in industry-leading events during the first quarter in North American and United Kingdom markets.

FINANCIAL PERFORMANCE

Comparisons of un-audited separate as well as consolidated accounts for the quarter ended September 30, 2021 with the corresponding period of fiscal year 2021 are given below:

STAND-ALONE FINANCIAL STATEMENTS	Jul-Sep 2021	Jul-Sep 2020
Revenue (PKR in million)	1,252	1,115
Gross profit (PKR in million)	363	448
Net profit (PKR in million)	193	127
Earnings per share – diluted (in PKR)	2.15	1.41
EBITDA per share – diluted (in PKR)	3.39	2.96

Revenue for the quarter ended September 30, 2021 improved by 12% compared to the revenue posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted net revenue of PKR 1,252 million compared to PKR 1,115 million in the same quarter of last fiscal year. In current quarter revenue stream PKR 148 million was recorded on account of additional license fee which is charged to an existing client. The Company also recorded a handsome amount of change requests from its existing customers for enhancement and customization in the systems deployed at their respective sites. In addition to it, subscription and support revenue (previously called maintenance revenue) increased from PKR 490 million to PKR 585 million for the current quarter. Gross Margins during the period clocked in at PKR 363 million as compared to the corresponding period where margins were recorded at PKR 448 million. Main reason for drop in gross margins is the increase in salaries and benefits cost. Human resource is the main cost of any IT organization and during Covid, Pakistan has witnessed increased demand of its IT resources globally. Therefore, to retain the best talent, increments were given to the resources couple of times during the last twelve months. This has increased the cost significantly. However, we believe that this is the best investment and as we sell more, we will have a trained team of professionals ready to take care of new revenue with no or minimal new hiring.

Company's profit before tax increased from PKR 151 million last year to PKR 219 million in the current quarter. The Company posted a net profit of PKR 193 million compared to PKR 127 million last year. Earnings per diluted share were PKR 2.15 in comparison of PKR 1.41 in the corresponding period of last fiscal year. Company posted net EBITDA profit of PKR 3.39 per diluted share compared to PKR 2.96 per share in the corresponding period.

The Company also consolidates financial results of its wholly owned subsidiary 'NETSOL Innovation (Pvt) Limited' which currently has no business. Net consolidated revenues for the quarter ended September 30, 2021 were PKR 1,252 million compared to PKR 1,115 million in fiscal 2021. Consolidated gross profit for the quarter was PKR 363 million as compared to PKR 448 million in the same period last year. On consolidated basis, the company posted net consolidated profit of PKR 194 million in the current quarter compared to PKR 127 million posted in the same period last year. Diluted earnings per share for the quarter ended September 30, 2021 & 2020 were PKR 2.16 & PKR 1.41 respectively.

FUTURE OUTLOOK

Alongside the company's premier platform NFS Ascent and NETSOL's suite of digital transformation solutions NFS Digital, the company will continue to heavily promote its cloud version of Ascent. With no upfront license fees, and with flexible subscription-based pricing options and rapid deployments, Ascent on the Cloud empowers finance and leasing companies with a flexible and highly scalable platform which accelerates their business growth. NFS Ascent on the Cloud enables financial institutions to gain access to the same premier, next-generation platform used by bluechip organizations and Fortune 500 companies worldwide. Moving forward, we will continue to offer our premier product on the Cloud across all regions.

As the pandemic situation had been improving, the NETSOL team anticipates and looks forward to the permanent resumption of live industry-leading annual events, which have been taking place virtually/hybrid during these unprecedented times. Besides webinars and podcasts scheduled for October 2021, as normalcy has returned, live events will be attended by the company. These include the ELFA Annual Convention 2021 and the AFSA Annual Meeting 2021. NETSOL will continue to attend yearly conventions, conferences, summits and expositions worldwide in order to continue its lead generation via in-person events. The company will continue to sponsor, exhibit at and attend these industry-leading events.

NETSOL continues to invest in its Innovation Lab as its research and development teams continue to work on emerging technologies that have gained much traction in the global finance and leasing industry. These technologies include, but are not limited to, Artificial Intelligence, Machine Learning and Big Data. NETSOL's focus is to continue enabling its global clientele to futureproof their finance and leasing operations.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its 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 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

October 29, 2021
Lahore



Omar Shahab Ghauri
Director

ڈائریکٹر رپورٹ

ہمیں خوشی ہے کہ نیٹ سول ٹیکنالوجیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 30 ستمبر 2021 کو ختم ہونے والے عرصہ کے لئے غیر آڈٹ شدہ مالیاتی گوشوارے بشمول مجموعی مالیاتی گوشوارے پیش کر رہے ہیں۔

عمومی جائزہ: (General Overview)

وہابی ایشیائی سرمایہ کاروں نے نیٹ سول کے ساتھ on-prem اور کلاؤڈ پر کی۔ دنیا بھر میں وینٹس میں ہم چلنے کے بعد سے، دنیا میں کمپنیوں کا احساس لوٹ آیا ہے۔ پرائیکٹس کی ریویو deployments کے ساتھ، on-prem اور کلاؤڈ پر کی۔ دنیا بھر میں وینٹس میں ہم چلنے کے بعد سے، دنیا میں کمپنیوں کا احساس لوٹ آیا ہے۔ اس سے ماہی کے دوران، نیٹ سول کی پیئر next-generation پلٹ فارم NFS Ascent™ کو فروغ دینے کے ساتھ ساتھ نیٹ سول کی سٹور اور مارکیٹنگ ٹیموں نے بھی پروڈکٹ کے کلاؤڈ ورژن کو فروغ دینا جاری رکھا ہے۔ NFS Ascent™ اب بغیر کسی پیٹنٹی لائسنس کی ادائیگی کے سمسکر پیش پرائیکٹس کے ڈال کے ڈالے گاؤڈ پر دستیاب ہے۔ Cloud/SaaS پرائیکٹس نے ہماری صنعت میں ان کے گہوارہ پرائیکٹس کے اختیار، پیئر deployments ضرورت کے حساب سے متوازن ہونے کی صلاحیت کی وجہ سے توجہ حاصل کی ہے۔ ہماری تمام Cloud/SaaS مصنوعات، سمسکر پیش پرائیکٹس کے ڈالے پیش کی جاتی ہیں جو مختلف ادائیگی کے گہوارہ پرائیکٹس کے ساتھ 'Pay-as-you-go' پرائیکٹس کے طور پر کام کرتی ہیں، جہاں چار جز صرف بنیادی ڈھانچے کے بجائے استعمال شدہ خدمات پیش ہوتے ہیں۔ کمپنیاں ادائیگی کے مزید پلان کو منتخب کر سکتی ہیں جو اپنے کاروبار کے مطابق ماہانہ، سہ ماہی یا سالانہ بنیاد پر ادائیگی کو منتخب کر سکتے ہیں۔ دیگر ویلیو پیڈز شامل کے ساتھ ساتھ اس ویلیو پیڈز پرائیکٹس پلان کا مقصد نئے صارفین کے لئے ابتدائی خریداری کی لاگت کو کم کرنا اور سافٹ ویئر کے استعمال اور دیگر بھال کے اخراجات کے جواب میں موجودہ صارفین کو تھمادال فراہم کرنا ہے۔ نئے صارفین کے لئے ان فوائد کے ساتھ ساتھ، نیٹ سول کے لیے نیٹ سول کے ساتھ، ہم اپنے کاروبار کو اپنی SaaS پرائیکٹس پر منتقل ہونے کی ترغیب دے رہے ہیں۔ سرمایہ کے دوران، ہماری پلٹ فارم نے گواہان پلٹ فارم کے ساتھ ساتھ جاری رکھا اور نئے کاروبار کے حصول اور نئے مواقع حاصل کرنے کے لیے کوششیں جاری رکھی ہیں۔ نیٹ سول نے شمالی امریکا اور برازیل کی مارکیٹوں میں پہلی سرمایہ کے دوران انڈسٹری کے معروف ایپس میں اپنی موجودگی کو برقرار رکھا۔

مالیاتی کارکردگی (Financial performance)

30 ستمبر 2021 کو ختم ہونے والی سہ ماہی 2021 کی اسی مدت کے مالیاتی سال کے غیر آڈٹ شدہ مالیاتی گوشوارے کے نتائج کا موازنہ درج ذیل ہے۔

افراد مالیاتی گوشوارے

مالیاتی سال ستمبر 2021ء	مالیاتی سال ستمبر 2020ء
1,252	1,115
363	448
193	127
2.15	1.41
3.39	2.96
محصولات (پاکستانی روپے پلٹن میں)	
خام منافع (پاکستانی روپے پلٹن میں)	
صافی منافع (پاکستانی روپے پلٹن میں)	
منافع فی شخص (پاکستانی روپے پلٹن میں)	
EBITDA (پاکستانی روپے پلٹن میں)	

30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کی محصولات پچھلے مالی سال کی اسی سہ ماہی میں درج ہونے والی محصولات کے مقابلے میں 12 فیصد بہتر ہوئی۔ مطابق اداروں، کمپنی نے گزشتہ مالی سال کے اسی سہ ماہی میں 1,115 ملین روپے کے مقابلے میں 1,252 ملین روپے کی خاص محصولات حاصل کی۔ موجودہ سہ ماہی کی محصولات میں 148 ملین روپے موجودہ صارف سے اضافی لائسنس میں وصولی سے منسلک ہے۔ کمپنی نے اپنی مختلف سائنس پر deployed سسٹم میں اضافہ اور مخصوص کے لیے ہمارے موجودہ سٹریٹجی کی جانب سے اپنی حسب ضرورت تبدیلی کی درخواستوں کے عوض ایک اچھی رقم بھی ریکارڈ کی ہے۔ اس کے علاوہ موجودہ سہ ماہی کے دوران سمسکر پیش اور سپورٹ (نئے پچھلے maintenance، بحالی محصولات کہا جاتا تھا) کی محصولات 490 ملین روپے سے بڑھ کر 585 ملین روپے ہو گئی ہیں۔ اس عرصہ کے دوران مجموعی مارکیٹ موجودہ سہ ماہی میں 363 ملین روپے درج کیا گیا ہے جو گزشتہ سہ ماہی میں 448 ملین روپے درج کیا تھا۔ مجموعی مارکیٹ میں کی بنیادی وجہ ملازمت میں کی تنخواہوں اور ان سے منسلک فوائد کی لاگت میں اضافے کی وجہ سے ہے۔ کسی بھی آئی ٹی کمپنی میں خرچے کی سب سے بڑی مدد Human Capital ہے سرمایہ کاری ہے اور دوران کا پلٹ پاکستان کے عالمی سطح پر آئی ٹی ریسورسز کی مانگ میں اضافہ دیکھا گیا ہے۔ اس بہترین ٹیلنٹ کو برقرار رکھنے کے لیے پچھلے بارہ مہینوں کے دوران وہ بار ملازمت میں تنخواہوں اضافہ کیا گیا ہے۔ اس سے لاگت میں نمایاں اضافہ ہوا ہے۔ تاہم، ہمیں یقین ہے کہ یہ بہترین سرمایہ کاری ہے اور جیسے ہی ہماری پلٹ بڑھے گی تو ہمارے پاس پشاور اور فراڈ کی ایک تربیت یافتہ ٹیم ہوگی جو کہ بغیر کسی یا کم سے کم بھرتی کے ساتھ سہل کو انجام دے گے۔

کمپنی کا منافع سے پہلے کا منافع 151 ملین روپے سے بڑھ کر موجودہ سہ ماہی میں 219 ملین روپے ہو گیا۔ کمپنی نے گزشتہ سال 127 ملین روپے کے مقابلے میں 193 ملین روپے کا خاص منافع درج کیا۔ گزشتہ مالی سال کی اسی مدت میں کمپنی کا منافع فی شخص 1.41 روپے کے مقابلے میں موجودہ سہ ماہی میں کمپنی کا منافع فی شخص 2.15 روپے ہے۔ کمپنی نے گزشتہ عرصے کے 2.96 ملین روپے کی گزشتہ مالی سال کے مقابلے میں 3.39 روپے فی شخص کا منافع EBITDA درج کیا۔

کمپنی نے اپنے مکمل ملکیاتی پلٹ کی ادارہ "نیٹ سول انویشن (پرائیویٹ) لمیٹڈ" جوئی احوال کاروبار نہیں کر رہا ہے مجموعی مالیاتی گوشوارے بھی شامل کر دیے ہیں۔ 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کیلئے درج مجموعی محصولات 2021 کی اسی سہ ماہی کے 1,115 ملین روپے کے مقابلے میں 1,252 ملین روپے ہیں۔ مجموعی خام منافع مالی سال کی اسی سہ ماہی کے 448 ملین روپے کے مقابلے میں موجودہ سہ ماہی میں 363 ملین روپے ہیں۔ مجموعی بنیاد پر کمپنی نے گزشتہ مالی سال کی اسی مدت میں 127 ملین روپے نقد مجموعی منافع کے مقابلے میں 194 ملین روپے نقد مجموعی منافع موجودہ سہ ماہی میں درج کیا۔ 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی کے لیے فی شخص آمدنی بازنس 1.41 اور 2.16 روپے ہیں۔

Future Outlook

کمپنی اپنے اہم پلٹ فارم NFS Ascent™ اور نیٹ سول کے سوٹ آف ڈیجیٹل ٹرانسفارمیشن سولوشنز NFS Digital کے ساتھ ساتھ، کمپنی Ascent کے کلاؤڈ ورژن کو زیادہ سے زیادہ فروغ دینا جاری رکھے گی۔ بغیر کسی پیٹنٹی لائسنس کی ادائیگی کے سمسکر پیش پرائیکٹس کے ذریعے نیٹ سول کے اختیار اور کلاؤڈ ورژن ایک گہوارہ پرائیکٹس کا قائل موقع پلٹ فارم کی فراہمی کے ساتھ ساتھ اس ویلیو پیڈز پرائیکٹس کا اختیار بنانا ہے جو ان کے کاروبار کو تیز سی کرتی کرنے میں مدد کرتا ہے۔ Cloud کے deployments کے ساتھ NFS Ascent مالیاتی اداروں کو اسی اہم، next-generation کے پلٹ فارم سرمایہ حاصل کرنے کے قابل بناتا ہے جسے دنیا بھر میں ویلیو پیڈز Fortune 500 کمپنیاں استعمال کر رہی ہیں۔ مستقبل میں ہم تمام خطوں میں کلاؤڈ پر اپنی اہم مصنوعات پیش کر رہے ہیں۔

جیسا کہ وہابی صناعات میں بہتری آ رہی ہے، نیٹ سول کی پیئر توقع کرتی ہے کہ انڈسٹری کی معروف سالانہ تقریبات کے دوبارہ مستقبل اور لائیو آغاز ہو جائے گا، جو کہ وہابی فیصلہ جیٹس کے دوران درجوں کا بہتر دور ہے۔ جیسا کہ حالات میں بہتری آ رہی ہے، اکتوبر 2021 میں شیڈول webinars اور podcasts، کمپنی کا علاوہ، کمپنی کا لائیو تقریبات میں شرکت کرے گی۔ ان میں ELFA سالانہ کنونشن 2021 اور AFSA سالانہ میٹنگ 2021 شامل ہیں۔ نیٹ سول اپنی lead generation کو جاری رکھنے کے لیے دنیا بھر میں سالانہ کنونشنز، کانفرنسوں، سمینارز اور نمائشوں جیسی تقریبات میں ذاتی حیثیت سے شرکت کا منتظر ہے۔ کمپنی انڈسٹری کی معروف تقاریر میں سرپریز نمایاں اور اس میں شرکت جاری رکھے گی۔

نیٹ سول اپنی انویشن ٹیم میں سرمایہ کاری جاری رکھے ہوئے ہے کیونکہ اس کی ترقی پلٹ ڈیولپمنٹ میں ابھرتی ٹیکنالوجیز پر کام جاری رکھے ہوئے ہیں جنہوں نے عالمی فائنل اور لیڈنگ کی صنعت میں کافی توجہ حاصل کی ہے۔ ان ٹیکنالوجیز میں Machine Learning، Artificial Intelligence، Big Data شامل ہیں، لیکن ان تک محدود نہیں ہیں۔ نیٹ سول کی توجہ جاریہ صارفین کو ان کے فائنل اور لیڈنگ کے کاروبار کو مستقبل میں ہم تک رکھنے کو جاری رکھے گی۔

اعتراف (Acknowledgement)

بورڈ آف ڈائریکٹرز کمپنی کے خاص فیاضان، قابل قدر مصارف، سرکاری اداروں اور مالیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراج تحسین پیش کرتا ہے۔ بورڈ کمپنی کے تمام ایگزیکٹوز اور اسٹاف کے ہر ان کی قابل قدر مدد و وفاداری اور ان کی مسلسل کوششوں کو قدرتی نگاہ سے دیکھتا ہے اور ان میں خراج تحسین کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی فیاضانہ کوششیں جاری و ساری رہیں گی۔

از طرف بورڈ آف ڈائریکٹرز

محمد شہاب خوری

(چیف ایگزیکٹو آفیسر)



FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2021

Condensed Interim Statement of Financial Position - Unaudited

As at September 30, 2021

	NOTE	Sep-21 Unaudited	Jun-21 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,533,772	1,599,438
Intangible assets	6	554,017	627,393
		2,087,789	2,226,831
Long term investments	7	196,285	208,582
Long term loans to employees		4,614	3,552
		2,288,688	2,438,965
CURRENT ASSETS			
Trade debts	8	1,725,525	1,649,836
Contract assets		1,561,821	1,163,155
Loans and advances		32,699	16,363
Trade deposits & short term prepayments		82,693	84,626
Other receivables		7,288	7,126
Due from related parties		450,363	445,737
Taxation - net		21,461	16,676
Cash & bank balances		3,413,349	3,758,821
		7,295,199	7,142,340
TOTAL ASSETS		9,583,887	9,581,305
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	6,397,920	6,205,435
		7,296,302	7,103,817
NON-CURRENT LIABILITIES			
Long term financing	11	51,351	95,920
Lease liabilities		1,806	2,106
		53,157	98,026
CURRENT LIABILITIES			
Trade and other payables	12	389,442	402,661
Contract liabilities		71,024	198,508
Short term borrowings		1,580,000	1,580,000
Current portion of long term liabilities		189,849	194,053
Unclaimed dividend		4,113	4,240
		2,234,428	2,379,462
CONTINGENCIES & COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		9,583,887	9,581,305

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Profit or Loss - Unaudited
For The Quarter Ended September 30, 2021

	NOTE	Jul-Sep 2021	Jul-Sep 2020
Rupees in '000'			
Revenue from contracts with customers - net	14	1,252,338	1,115,310
Cost of revenue		(889,507)	(667,034)
Gross profit		362,831	448,276
Selling and promotion expenses		(121,153)	(130,031)
Administrative expenses		(226,828)	(178,484)
		(347,981)	(308,515)
Operating Profit		14,850	139,761
Other income		298,823	73,305
		313,673	213,066
Other operating expenses		(69,008)	(33,678)
Finance cost		(14,536)	(15,819)
Share of loss of Associate		(11,544)	(12,928)
Profit before taxation		218,585	150,641
Taxation	15	(25,348)	(23,612)
Profit after taxation for the period		193,237	127,029
Earnings per share			
Basic - In Rupees	17	2.15	1.41
Diluted - In Rupees	17	2.15	1.41

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

For The Quarter
Ended September 30, 2021

Condensed Interim Statement of Other Comprehensive Income - Unaudited
For The Quarter Ended September 30, 2021

	Jul-Sep 2021	Jul-Sep 2020
	Rupees in '000'	
Profit after taxation for the period	193,237	127,029
Other comprehensive (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	(753)	(369)
Total comprehensive income for the period	192,484	126,660

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Cash Flows - Unaudited
For The Quarter Ended September 30, 2021

	Jul-Sep 2021	Jul-Sep 2020
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	218,585	150,641
Adjustments for non cash charges and other items:		
Depreciation - own assets	63,300	52,748
Amortization of Right of Use Assets	3,455	5,041
Amortization of intangible assets	73,376	73,376
Loss/(Gain) on disposal of fixed assets	18,169	(421)
Amortization of deferred revenue	-	(671)
Foreign exchange (gain)	(229,668)	(39,928)
Interest expense	17,636	19,719
Interest income	(68,930)	(32,060)
Deferred employee compensation expense	-	6,829
Amortization of deferred grant	(3,381)	(4,174)
Provision for expected credit losses	17,166	27,688
Share of loss of Associate	11,544	12,928
	(97,332)	121,075
Cash generated from operations before working capital changes	121,253	271,716
Working Capital Changes		
Trade debts & Contract Assets/Liabilities	(389,337)	(2,177)
Loans and advances	(17,398)	(23,562)
Trade deposits & short term prepayments	1,933	(16,292)
Other receivables	(162)	(828)
Due from related parties	(4,626)	(106,007)
Trade and other payables	(1,680)	113,454
Cash (used in) operations	(411,270)	(35,412)
Interest paid	(29,176)	(22,081)
Income taxes paid	(30,133)	(23,329)
Dividend paid	(127)	(43)
Net cash (used in) / generated from operations	(349,453)	190,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment's purchased	(20,411)	(37,870)
Sales proceeds of fixed asset	1,151	2,140
Advances against capital expenditure	-	(31,234)
Interest received	68,930	32,060
Net cash generated from/(used in) investing activities	49,672	(34,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid against lease liabilities	(6,830)	(9,693)
Long term loan	(41,037)	112,619
Deferred grant	-	8,021
Long term advances	2,175	(861)
Net cash (used in) / generated from financing activities	(45,692)	110,086
Net (Decrease in) / increase in cash and cash equivalents	(345,473)	266,033
Cash and cash equivalents at the beginning of the period	3,758,821	2,081,859
Cash and cash equivalents at the end of the period	3,413,349	2,347,893

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

For The Quarter
Ended September 30, 2021

Condensed Interim Statement of Changes in Equity - Unaudited

For The Quarter Ended September 30, 2021

	Issued, sub-scribed and paid-up capital	Share de-posit mon-ey	Capital Reserve			Revenue Reserve	Total
			Employ-ee share option com-pen-sation reserve	Share premi-um	Foreign cur-rency trans-lation reserve	Unappropri-ated profit	
R u p e e s I n ' 0 0 0 '							
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	-	-	-	-	-	127,029	127,029
Other comprehensive loss for the period	-	-	-	-	(369)	-	(369)
Total comprehensive income for the period	-	-	-	-	(369)	127,029	126,660
Contribution of parent on account of employee share options			6,829				6,829
	-	-	6,829	-	(369)	127,029	133,490
Balance as at September 30, 2020	898,369	13	212,726	304,167	(17,199)	5,632,911	7,030,988
Balance as at June 30, 2021	898,369	13	224,670	304,167	(20,872)	5,697,470	7,103,817
Net profit for the period	-	-	-	-	-	193,237	193,237
Other comprehensive loss for the period					(753)	-	(753)
Total comprehensive income for the period	-	-	-	-	(753)	193,237	192,484
Balance as at September 30, 2021	898,369	13	224,670	304,167	(21,625)	5,890,708	7,296,302

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Financial Statements - Unaudited

For The Quarter Ended September 30, 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
4 Central Senayan 2 Building, 16th Floor, Asia Afrika Street, No. 8, Senayan, Kebayoran Baru, South Jakarta, DKI Jakarta, 12190	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, 2021.

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, 2021.

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, 2021, 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, 2021.

		Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,479,375	1,515,963
Net book value of right of use assets	5.2	51,397	80,475
Advances against capital expenditure		3,000	3,000
		1,533,772	1,599,438
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,515,963	1,443,854
Additions	5.1.1	46,033	315,502
		1,561,996	1,759,356
Less:			
Disposals - net book value	5.1.2	(19,320)	(27,192)
Depreciation & amortization		(63,302)	(216,201)
		1,479,375	1,515,963
5.1.1 Following is the detail of addition / (transfer)			
Furniture & fixture		72	326
Vehicles		23,872	97,914
Office equipment		188	8,994
Computers		21,902	173,248
Air conditioners		-	651
Computer software		-	34,369
Total		46,033	315,502

5.1.2 Following is the detail of deletions	Cost	Sep-21 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-21 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Furniture & fixture	22	18	3	-	-	-
Vehicles	-	-	-	26,700	18,590	8,110
Office equipment	-	-	-	33	19	14
Computers	428,626	409,310	19,316	17,059	16,100	959
Computer software	-	-	-	583,854	565,745	18,109
Total	428,648	409,328	19,320	627,646	600,454	27,192

Rupees in '000'						
5.2 RIGHT OF USE ASSETS	Sep-21 Unaudited		Jun-21 Audited			
Opening Balance - net book value	80,475		98,938			
Additions	-		4,273			
	80,475		103,211			
Less:						
Disposals - net book value	5.2.1 (25,622)		(2,876)			
Depreciation & amortization	(3,456)		(19,860)			
	51,397		80,475			

5.2.1 Following is the detail of deletions	Cost	Sep-21 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-21 Audited Accumulated Depreciation	Written down Value
Rupees in '000'						
Vehicles	49,122	25,309	23,813	5,553	2,677	2,876
Computers	6,308	4,499	1,809	-	-	-
Total	55,430	29,808	25,622	5,553	2,677	2,876

Rupees in '000'						
6. INTANGIBLE ASSETS	Sep-21 Unaudited		Jun-21 Audited			
Opening Balance - net book value	627,393		920,897			
Less:						
Amortization	(73,376)		(293,504)			
	554,017		627,393			
7. LONG TERM INVESTMENTS - at cost	Sep-21 Unaudited		Jun-21 Audited			
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)	7.2 166,222		178,519			
	196,285		208,582			

- 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 (2021 : 3,006,305) fully paid ordinary shares of Rs. 10/- each i.e. 100% of Equity held (2021 : 100%) .
- 7.2 WRLD3D Inc is incorporated in USA and involved in the ore business of gaming and 3D mapping. Principal place of business of WRLD3D is 800 W. El Camino Real, Suite 320, Mountain View, California 94040. DCD Holdings Limited Carlton Services Ltd, second floor, The Quadrant, Manglier Street, PO Box 1312, Victoria, Mahe, Seychelles is its beneficial owner. As on Sep 30, 2021 there is no litigation/Default/Breach exists related to WRLD3D and no return is received or gain/loss booked on disposal of investment (2021: Nil). The Company owns 4,092,189 preference BB shares of WRLD3D Inc (12.2% ownership interest) originally valued at \$2,777,778 and uses equity method to account for investment in associate.

		Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
8. TRADE DEBTS			
Considered good - unsecured	8.1	1,725,525	1,649,836
Considered doubtful - unsecured	8.2	356,552	329,874
		2,082,077	1,979,710
Less: Provision against expected credit losses		(356,552)	(329,874)
		1,725,525	1,649,836
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	90,654	73,609
	NetSol Technologies (Beijing) Company Limited	632,288	873,748
	NetSol Australia Pty. Limited	125,200	111,747
	NetSol Technologies Americas	262,456	247,042
	NetSol Technologies Europe Ltd	2,174	-
	Ascent Europe Limited	25,383	19,441
	OTOZ Thailand Ltd	79,930	77,876
	WRLD3D Inc	255,732	242,029
		1,473,817	1,645,493
9. SHARE CAPITAL			
9.1 Authorised share capital			
	Sep-21 Unaudited	Jun-21 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.			
		Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
10. RESERVES			
Capital reserve			
Premium on issue of ordinary shares		304,167	304,167
Employee share option compensation reserve		224,670	224,670
Foreign currency translation reserve		(21,625)	(20,872)
Revenue reserve			
Un - appropriated profit		5,890,708	5,697,470
		6,397,920	6,205,435
11. LONG TERM FINANCING			
Long term Finance facility		210,380	250,429
Deferred grant		6,868	10,249
Sale & Leaseback obligations		12,500	13,488
Less: Current portion shown under current liabilities:			
Current portion of Long term finance facility		(166,939)	(164,254)
Current portion of deferred grant		(6,869)	(9,537)
Current portion of Sale & Leaseback obligations		(4,589)	(4,456)
		(178,397)	(178,246)
		51,351	95,920

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

		Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
12.1 DUE TO RELATED PARTIES			
Associated			
NetSol Technologies Europe Limited	12.1.1	-	4,559
		-	4,559

- 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 There is no significant change in the contingencies since the date of preceding published annual financial statements.

13.2 Commitments

The Company has issued worth Rs. 11.9 million (2021: 11.9 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.

The Company has capital commitments of Rs. 6.889 Million under capital purchase agreements as at September 30, 2021. (2021: Rs. 6.889 Million)

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

DISAGGREGATION OF REVENUE:		Jul Sep 2021	Jul-Sep 2020
Export Revenue		Rupees in '000'	
License		148,290	-
Services		519,020	625,379
Subscription and Support		585,028	489,931
		1,252,338	1,115,310

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 subject to realization of eighty per cent of the export proceeds into Pakistan through normal banking channels and in foreign exchange remitted from outside Pakistan along with fulfilment of other filing requirements 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.

	Jul Sep 2021	Jul-Sep 2020
	Rupees in '000'	
17. EARNINGS / (LOSS) PER SHARE		
Basic		
Profit after taxation for the period	193,237	127,029
Weighted average number of ordinary shares in issue during the period	89,837	89,837
Basic - In Rupees	2.15	1.41
Diluted		
Profit after taxation for the period	193,237	127,029
Weighted average number of ordinary shares in issue during the period	89,837	89,837
Diluted - In Rupee	2.15	1.41

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		
(i) Associated undertaking	Rental income	225	225
	Provision of services	439,044	358,838
	Purchase of services	6,437	6,600
(ii) Key management personnel	Salaries and benefits	54,829	25,142
	Retirement benefits	2,477	1,443
	Commission paid	78,174	99,022
(iii) Post employment benefit	Contribution to defined contribution plan	36,511	32,346

(iv) 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 October 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

DIRECTOR

CHIEF FINANCIAL OFFICER



CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2021

Condensed Consolidated Interim Statement of Financial Position - Unaudited
As at September 30, 2021

	NOTE	Sep-21 Unaudited	Jun-21 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,540,200	1,605,866
Intangible assets	6	554,017	627,393
		2,094,217	2,233,259
Long term Investment	7	166,222	178,519
Long term loans to employees		4,614	3,552
		2,265,053	2,415,330
CURRENT ASSETS			
Trade debts	8	1,725,525	1,649,836
Contract assets		1,561,821	1,163,155
Loans and advances		32,699	16,363
Trade deposits & short term prepayments		82,693	84,626
Other receivables		7,288	7,126
Due from related parties		450,363	445,737
Taxation - net		21,160	16,455
Cash & bank balances		3,450,389	3,795,397
		7,331,938	7,178,695
TOTAL ASSETS		9,596,991	9,594,025
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	6,410,343	6,217,450
		7,308,725	7,115,832
NON-CURRENT LIABILITIES			
Long term financing	11	51,352	95,920
Lease liabilities		1,806	2,106
		53,158	98,026
CURRENT LIABILITIES			
Trade and other payables	12	390,121	403,366
Contract liabilities		71,024	198,508
Short term borrowings		1,580,000	1,580,000
Current portion of long term liabilities		189,849	194,053
Unclaimed dividend		4,113	4,240
		2,235,108	2,380,167
CONTINGENCIES & COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		9,596,991	9,594,025

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

CHIEF EXECUTIVE OFFICER
NETSOL
Technologies Limited

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Consolidated Interim Statement of Profit or Loss - Unaudited
For The Quarter Ended September 30, 2021

	NOTE	Jul-Sep 2021	Jul-Sep 2020
Rupees in '000'			
Revenue from contracts with customers - Net	14	1,252,338	1,115,310
Cost of revenue		(889,507)	(667,034)
Gross profit		362,831	448,276
Selling and promotion expenses		(121,153)	(130,031)
Administrative expenses		(226,828)	(178,513)
		(347,981)	(308,544)
Operating profit		14,850	139,732
Other income		299,399	73,774
		314,249	213,506
Other operating expenses		(69,008)	(33,678)
Finance cost		(14,536)	(15,819)
Loss of share from Associate		(11,544)	(12,928)
Profit before taxation		219,161	151,081
Taxation	15	(25,515)	(23,992)
Profit after taxation for the period		193,646	127,089
Attributable to:			
Equity holders of NetSol Technologies Limited		193,646	127,089
Non - controlling interest		-	-
		193,646	127,089
Earnings per share			
Basic - In Rupees	17	2.16	1.41
Diluted - In Rupees	17	2.16	1.41

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Consolidated Interim Statement of Other Comprehensive Income - Unaudited
For The Quarter Ended September 30, 2021

	Jul-Sep 2021	Jul-Sep 2020
	Rupees in '000'	
Profit after taxation for the period	193,646	127,089
Other comprehensive (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	(753)	(369)
Total comprehensive Income for the period	192,893	126,720
Attributable to:		
Equity holders of NetSol Technologies Limited	192,893	126,720
Non - controlling interest	-	-
	192,893	126,720

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Consolidated Interim Statement of Cash Flows - Unaudited
For The Quarter Ended September 30, 2021

NOTE	Jul-Sep 2021	Jul-Sep 2020
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	219,161	151,081
Adjustments for non cash charges and other items:		
Depreciation - own assets	63,300	52,748
Amortization of Right of use assets	3,455	5,041
Amortization of intangible assets	73,376	73,376
Loss / (Gain) on disposal of fixed assets	18,169	(421)
Amortization of deferred revenue	-	(671)
Foreign exchange (Gain)	(229,668)	(39,928)
Interest expense	17,636	19,719
Interest income	(69,506)	(32,529)
Deferred employee compensation expense	-	6,829
Amortization of deferred grant	(3,381)	(4,174)
Provision for expected credit losses	17,166	27,688
Share of loss of Associate	11,544	12,928
	(97,908)	120,606
Cash generated from operations before working capital changes	121,253	271,688
Working Capital Changes		
Trade debts & Contract Assets/Liabilities	(389,337)	(2,177)
Loans and advances	(17,398)	(23,562)
Trade deposits & short term prepayments	1,933	(16,379)
Other receivables	(162)	(828)
Due from related parties	(4,626)	(106,007)
Trade and other payables	(1,705)	113,454
Cash (used in) operations	(411,294)	(35,499)
Interest paid	(29,176)	(22,081)
Income taxes paid	(30,219)	(23,643)
Dividend paid	(127)	(43)
Net cash (used in) / generated from operations	(349,563)	190,422
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(20,411)	(37,870)
Sales proceeds of fixed asset	1,151	2,140
Advances against capital expenditure	-	(31,234)
Interest received	69,506	32,529
Net cash generated from/ (used in) investing activities	50,247	(34,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid against lease liabilities	(6,830)	(9,693)
Long term payable	(41,037)	112,619
Deferred grant	-	8,021
Long term advances	2,175	(861)
Net cash (Used in) / generated from financing activities	(45,692)	110,086
Net (decrease) / increase in cash and cash equivalents	(345,009)	266,073
Cash and cash equivalents at the beginning of the period	3,795,397	2,115,872
Cash and cash equivalents at the end of the period	3,450,389	2,381,945

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

For The Quarter
Ended September 30, 2021

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited
For The Quarter Ended September 30, 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, 2020	898,369	13	206,555	304,167	(16,830)	5,515,868	6,908,142	- 6,908,142
Net profit for the period								
September 30, 2020	-	-	-	-	-	127,089	127,089	- 127,089
Other comprehensive (loss)	-	-	-	-	(369)	-	(369)	- (369)
Total comprehensive (loss) / profit for the period	-	-	-	-	(369)	127,089	126,720	- 126,720
Contribution of parent on account of employee share options	-	-	6,829	-	-	-	6,829	- 6,829
	-	-	6,829	-	(369)	127,089	133,549	- 133,549
Balance as at September 30, 2020	898,369	13	213,384	304,168	(17,199)	5,642,957	7,041,691	- 7,041,691
Balance as at June 30, 2021	898,369	13	225,328	304,167	(20,872)	5,708,827	7,115,832	- 7,115,832
Net Profit for the period	-	-	-	-	-	193,646	193,646	- 193,646
Other comprehensive (loss) for the period					(753)		(753)	- (753)
Total comprehensive (loss) / profit for the period					(753)	193,646	192,893	- 192,893
Balance as at September 30, 2021	898,369	13	225,328	304,167	(21,625)	5,902,473	7,308,725	- 7,308,725

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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
4 Central Senayan 2 Building, 16th Floor, Asia Afrika Street, No. 8, Senayan, Kebayoran Baru, South Jakarta, DKI Jakarta, 12190	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, 2021.

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, 2021.

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, 2021, 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, 2021.

		Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,485,803	1,522,391
Net book value of right of use assets	5.2	51,397	80,475
Advances against capital expenditure		3,000	3,000
		1,540,200	1,605,866
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,522,391	1,451,130
Additions	5.1.1	46,033	315,502
		1,568,424	1,766,632
Less:			
Disposals - net book value	5.1.2	(19,320)	(28,040)
Depreciation & amortization		(63,302)	(216,201)
		1,485,803	1,522,391
5.1.1 Following is the detail of addition / (transfer)			
Furniture & fixture		72	326
Vehicles		23,872	97,914
Office equipment		188	8,994
Computers		21,902	173,248
Air conditioners		-	651
Computer software		-	34,369
Total		46,033	315,502

5.1.2 Following is the detail of deletions	Sep-21 Unaudited			Jun-21 Audited		
	Cost	Accumulated Depreciation	Written down Value	Cost	Accumulated Depreciation	Written down Value
	Rupees in '000'					
Furniture & fixture	22	18	3	-	-	-
Vehicles	-	-	-	27,498	18,590	8,908
Office equipment	-	-	-	33	19	14
Computers	428,626	409,310	19,316	17,109	16,100	1,009
Computer software	-	-	-	583,854	565,745	18,109
Total	428,626	409,328	19,320	628,494	600,454	28,040

			Sep-21 Unaudited	Jun-21 Audited
			Rupees in '000'	
5.2 RIGHT OF USE ASSETS				
Opening Balance - net book value			80,475	98,938
Additions			-	4,273
			80,475	103,211
Less:				
Disposals - net book value			(25,622)	(2,876)
Depreciation & amortization			(3,456)	(19,860)
			51,397	80,475

5.2.1 Following is the detail of deletions	Sep-21 Unaudited			Jun-21 Audited		
	Cost	Accumulated Depreciation	Written down Value	Cost	Accumulated Depreciation	Written down Value
	Rupees in '000'					
Vehicles	49,122	25,309	23,813	5,553	2,677	2,876
Computers	6,308	4,499	1,809			
Total	55,430	29,808	25,622	5,553	2,677	2,876

		Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
6.	INTANGIBLE ASSETS		
	Opening Balance - net book value	627,393	920,897
	Less:		
	Amortization	(73,376)	(293,504)
		554,017	627,393
7.	LONG TERM INVESTMENTS - at cost		
	Investment in associate		
	WRLD3D inc. (Unquoted company)	7.1	166,222
		166,222	178,519

- 7.1 WRLD3D Inc is incorporated in USA and involved in the ore business of gaming and 3D mapping. Principal place of business of WRLD3D is 800 W. El Camino Real, Suite 320, Mountain View, California 94040. DCD Holdings Limited Carlton Services Ltd, second floor, The Quadrant, Manglier Street, PO Box 1312, Victoria, Mahe, Seychelles is its beneficial owner. As on Sep 30, 2021 there is no litigation/Default/Breach exists related to WRLD3D and no return is received or gain/loss booked on disposal of investment (2021: Nil). The Company owns 4,092,189 preference BB shares of WRLD3D Inc (12.2% ownership interest) originally valued at \$2,777,778 and uses equity method to account for investment in associate.

	NOTE	Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
8. TRADE DEBTS			
Considered good - unsecured	8.3	1,725,525	1,649,836
Considered doubtful - unsecured	8.2	356,552	329,874
		2,082,077	1,979,710
Less: Provision for Expected credit losses		(356,552)	(329,874)
		1,725,525	1,649,836
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		90,654	73,609
NetSol Technologies (Beijing) Company Limited		632,288	873,748
NetSol Australia Pty. Limited		125,200	111,747
Netsol Technologies Americas		262,456	247,042
NetSol Technologies Europe Ltd		2,174	-
Ascent Europe Limited		25,383	19,441
OTOZ Thailand Ltd		79,930	77,876
WRLD3D Inc		255,732	242,029
		1,473,817	1,645,493
9. SHARE CAPITAL			
9.1 Authorised share capital			
Sep-21 Unaudited	Jun-21 Audited	Sep-21 Unaudited	Jun-21 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% (2021 : 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		225,328	225,328
Foreign currency translation reserve		(21,625)	(20,872)
Revenue reserve			
Un - appropriated profit		5,902,473	5,708,827
		6,410,344	6,217,450
11. LONG TERM FINANCING			
Long term Finance facility		210,380	250,429
Deferred grant		6,869	10,249
Sale & Leaseback obligations		12,500	13,488
Less: Current portion shown under current liabilities:			
Current portion of Long term finance facility		(166,939)	(164,254)
Current portion of deferred grant		(6,869)	(9,537)
Current portion of Sale & Leaseback obligations		(4,589)	(4,456)
		(178,397)	(178,246)
		51,352	95,920

		Sep-21 Unaudited	Jun-21 Audited
		Rupees in '000'	
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	12.1.1	-	4,559
		-	4,559

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 There is no significant change in the contingencies since the date of preceding published annual financial statements

13.2 Commitments

13.2.1 The Company has issued worth Rs. 11.9 million (2021: 11.9 million) bank guarantees to LESCO and Standard Chartered Bank against its corporate credit cards.

13.2.2 The Company has capital commitments of Rs. 6.889 Million under capital purchase agreements as at September 30, 2021. (2021: Rs. 6.889 Million)

		Jul-Sep 2021	Jul-Sep 2020
		Rupees in '000'	
14. REVENUE FROM CONTRACTS WITH CUSTOMERS			
DISAGGREGATION OF REVENUE:			
Export Revenue			
License		148,290	-
Services		519,020	625,379
Subscription and Support		585,028	489,931
		1,252,338	1,115,310

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 subject to realization of eighty per cent of the export proceeds into Pakistan through normal banking channels and in foreign exchange remitted from outside Pakistan along with fulfilment of other filing requirements 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	Jul-Sep 2021	Jul-Sep 2020
Basic	Rupees in '000'	
Profit attributable to ordinary shareholders of NetSol Technologies Limited	193,646	127,089
Weighted average number of ordinary shares in issue during the period	89,837	89,837
Basic - In Rupees	2.16	1.41
Diluted		
Profit attributable to ordinary shareholders of NetSol Technologies Limited	193,646	127,089
Weighted average number of ordinary shares in issue during the period	89,837	89,837
Diluted - In Rupees	2.16	1.41

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-Sep 2021	Jul-Sep 2020
Relationship with the Company	Nature of transactions	Rupees in '000'	
(i) Associated undertaking	Rental Income	225	225
	Provision of services	439,044	358,838
	Purchase of services	6,437	6,600
(iii) Key management personnel	Salaries and benefits	54,829	25,142
	Retirement benefits	2,477	1,443
	Commission paid	78,174	99,022
(iv) Post employment benefit	Contribution to defined contribution plan	36,511	32,346
(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.

Sep-21				
	NFS	IS & SSS	BPO	Total
	Rupees in '000'			
Revenue - net				
External sales				
License	148,290	-	-	148,290
Services	462,211	-	56,809	519,019
Subscription and Support	585,028	-	-	585,029
Total revenue	1,195,529	-	56,809	1,252,338
Cost of revenue	(843,367)	-	(46,140)	(889,507)
Segment results	352,162	-	10,669	362,831
Unallocated corporate expenses:				
Selling and promotion expenses				(121,153)
Administrative expenses				(226,828)
Other income				299,399
Other operating expenses				(69,008)
Finance cost				(14,536)
Loss of share from Associate				(11,544)
Taxation				(25,515)
Profit after taxation				193,646

Sep-20				
	NFS	IS & SSS	BPO	Total
Rupees in '000				
Revenue - net				
External sales				
Licence	-	-	-	-
Services	586,546	-	38,833	625,379
Subscription and Support	489,931	-	-	489,931
Total revenue	1,076,477	-	38,834	1,115,310
Cost of revenue	(630,180)	(287)	(36,567)	(667,034)
Segment results	446,297	(287)	2,267	448,276
Unallocated corporate expenses:				
Selling and promotion expenses				(130,031)
Administrative expenses				(178,513)
Other income				73,774
Other operating expenses				(33,678)
Finance cost				(15,819)
Loss of share from Associate				(12,928)
Taxation				(23,992)
Profit after taxation				127,089

*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.

Corresponding figures have been wherever necessary re-classified for better presentation.

20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 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

DIRECTOR

CHIEF FINANCIAL OFFICER

NETSOL Technologies Limited

NetSol IT Village (Software Technology Park) Lahore Ring Road,
Ghazi Road Interchange, Lahore Cantt. 54792, Pakistan
www.netsolpk.com
Email: info@netsolpk.com

