



NETSOL Technologies Ltd.
NETSOL IT Village (Software
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Web: www.netsolpk.com

FORM-08

Date:30/10/2023

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, 2023**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended September 30, 2023 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





Condensed Financial Statements
(Un-Audited)
For the Quarter Ended
September 30,

2023



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Company Profile

Company Profile

BOARD OF DIRECTORS

NAEEM ULLAH GHAURI
Chairman/Non-Executive Director

SALIM ULLAH GHAURI
Chief Executive Officer/Executive Director

VASEEM ANWAR
Independent Director

ANWAAR HUSSAIN
Independent Director

ZESHAN AFZAL
Independent Director

HAMNA GHAURI
Non-Executive Director

OMAR SHAHAB GHAURI
Executive Director

AUDIT COMMITTEE

ANWAAR HUSSAIN
Chairman

VASEEM ANWAR
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
Lahor

SHARE REGISTRAR

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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
Bank Alfalah Islamic

CONTACT DETAILS

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WEB PRESENCE

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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 September 30, 2023.

GENERAL OVERVIEW

The first quarter of the year commenced with a promising start, marked by various dynamic marketing activities and events spanning across Europe, North America, and the Asia Pacific. During this period, our company successfully signed Memorandums of Understanding (MOUs) and contracts for professional services, underscoring commitment to growth and expansion. Moreover, an exciting surge in potential business opportunities was witnessed, especially with the recent launch of first ever marketplace of API-first products for the finance and leasing industry, Appex Now; attracting traction, particularly from the Europe region, setting a positive trajectory for the upcoming months.

TRACTION FOR APPEX NOW

NETSOL's innovative Flex, a robust calculation engine, recently witnessed an encouraging wave of sign-ups through the Appex Now marketplace, the industry's first-ever marketplace dedicated to finance and leasing. These sign-ups predominantly hailed from Tier 2 companies based in the UK, indicative of the increasing traction for NETSOL's SaaS-based products in the region. This enthusiastic response not only highlights the market's readiness for transformative digital solutions but also reiterates the efficacy of NETSOL's API-first strategy, positioning the company as a pivotal player in the evolving landscape of finance and leasing technology solutions.

CONTRACT SIGNINGS FOR PROFESSIONAL SERVICES

In the recent quarter, NETSOL has further solidified its position as a trusted provider of professional services by securing several notable contracts. A prominent US-based digital transformation company has engaged NETSOL for a three-year project centered around managing a Security Operation Center (SOC). Simultaneously, a UK-based healthcare entity has sought expertise for a nine-month project to develop a web application. Furthermore, a non-profit organization has chosen NETSOL to design and implement a comprehensive donor management system. Additionally, NETSOL's capabilities in staff augmentation have been recognized, with contracts secured for both project management and backend Java development. This diverse array of contracts underscores our versatility and competence in catering to varied industry needs.

AWS LAMBDA SERVICE DELIVERY DESIGNATION

NETSOL Cloud Services has also proudly earned the AWS Lambda Service Delivery designation from Amazon Web Services (AWS). This esteemed accolade highlights the division's proficiency in utilizing AWS Lambda, a platform that facilitates serverless application development. AWS Lambda empowers businesses to run applications without the intricacies of server management, ensuring enhanced agility, decreased costs, and a quicker market launch.

DELEGATION VISITS

In a testament to NETSOL's significant influence and contribution to the technological landscape, the recent quarter witnessed an array of high-profile visits and recognitions. The USA Ambassador, His Excellency Donald Armin Blome, accompanied by his team, visited NETSOL, expressing keen interest in how US companies are propelling inclusive and sustainable growth and investment in Pakistan. Similarly, Australian High Commissioner, Mr. Neil Hawkins, graciously accepted the invitation.

A pivotal highlight was the visit by General Sahir Shamshad Mirza, Chairman of the Joint Chiefs of Staff Committee, and Air Chief Marshal Zaheer Ahmed Baber to The National Incubation Center for Aerospace Technologies (NICAT). This visionary center, a collaborative effort between IGNITE-National Technology Fund, Ministry of Information Technology, and NETSOL Technologies, showcased its progress to the esteemed guests.

CEO Salim Ghauri also had a constructive session with Dr. Moeed Yousaf, Vice Chancellor of Beaconhouse National University, delving into the prospective future of technology in Pakistan. Moreover, the ASEAN delegation's visit to the NETSOL campus spotlighted the potential for technological innovation and collaborations among ASEAN nations.

INDUSTRY EVENTS IN THE GLOBAL MARKET

Over the recent period, NETSOL has actively sponsored and participated in a series of prestigious industry events spanning multiple countries, a move underscoring our commitment to both generating leads and fortifying our global brand presence. Among these events were the CFLA Annual Convention in Canada, Next Generation Networking in the UK, the FLA's Financing the Future Conference also in the UK, the ELFA Operations and Technology conference in the US, and the APPI International Seminar in Indonesia. These engagements not only provided platforms for networking and business development but also demonstrated NETSOL's dedication to staying at the forefront of industry trends and innovations, while continuously nurturing relationships with key stakeholders globally.

FINANCIAL PERFORMANCE

Comparisons of un-audited separate as well as consolidated accounts for the quarter ended September 30, 2023 with the corresponding period of fiscal year 2023 are given below:



STAND-ALONE FINANCIAL STATEMENTS	Rupees	
	Jul-Sep 2023	Jul-Sep 2022
Revenue	2,256,098,114	1,716,243,023
Gross profit	901,380,843	475,503,564
Net profit	271,540,383	191,435,186
Earnings per share – basic	3.09	2.18
Earnings per share – diluted	3.09	2.17
EBITDA per share – diluted	4.38	3.76

Revenue for the quarter ended September 30, 2023 improved by 31% compared to the revenue posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted net revenue of PKR 2,256 million compared to PKR 1,716 million in the same quarter of last fiscal year. In current quarter revenue of PKR 180 million was recorded on account of license sale associated with the provision of license to our associated company's customer. On the services side, the Company also recorded a handsome amount of PKR 929 million in comparison to PKR 888 million in the corresponding period for enhancement and customization in the systems deployed at their respective sites. In addition to it, subscription and support revenue increased from PKR 786 million to PKR 1,148 million for the current quarter.

Gross Margins during the period clocked in at PKR 901 million as compared to the corresponding period where margins were recorded at PKR 476 million. The Company posted a net profit after tax of PKR 272 million compared to PKR 191 million in the comparable period. Due to appreciation in the Pakistani Rupee, the Company booked 36 million currency exchange loss during the period compared to exchange gain of PKR 292 million registered in the comparable period. This profitability has translated basic and diluted earnings per share to clock in at PKR 3.09 in comparison of PKR 2.18 & 2.17 in the corresponding period. Company posted net EBITDA profit of PKR 4.38 per diluted share compared to PKR 3.76 per share in the corresponding period.

The Company also consolidates financial results of its wholly owned subsidiary "NETSOL Innovation (Pvt) Limited" and its newly incorporated Dubai based wholly own subsidiary "NETSOL Ascent Middle East Equipment Trading LLC". NETSOL Innovation is mainly involved in the provision of professional services including Amazon Web Services. Currently a team is being built up to provide AWS services and a very nominal revenue has so far been recognized thus resulting in losses for the quarter. Similarly, NETSOL Ascent Middle East has been incorporated this year with no business operations so far. Net consolidated revenues for the quarter ended September 30, 2023 were PKR. 2,324 million compared to PKR 1,753 million in fiscal 2023. Consolidated gross profit for the quarter was PKR 901 million as compared to PKR 468 million in the same period last year. On consolidated basis, the company posted net consolidated profit of PKR 213 million in the current quarter compared to PKR 149 million posted in the same period last year. Basic and diluted earnings per share for the quarter ended September 30, 2023 were PKR 2.42 in compared to PKR 1.69 last year.

FUTURE OUTLOOK

NETSOL Technologies, a vanguard in delivering superior software solutions for the finance and leasing industry, is poised for a significant evolution in its global footprint and service offerings in the coming times. The immediate past has shown promising signs of what the future holds, especially with the robust traction the company's Appex Now marketplace received in Europe. Riding on this momentum, NETSOL is gearing up for a formal launch of Appex Now in the vast and potential-rich North American market. This strategic move underscores the company's vision to penetrate deeper into international markets and solidify its stature as an industry leader.

But the company's vision isn't limited to a regional expansion of existing platforms. There's an ambitious plan to escalate marketing endeavors exponentially. The coming months will witness NETSOL championing its presence at numerous industry events spanning three critical regions: North America, Europe, and Asia Pacific. This heightened marketing push doesn't merely aim for brand visibility; it's a concerted effort to engage with industry peers, potential clients, and stakeholders to foster collaborations, gather insights, and remain updated with industry trends.

However, NETSOL's ambitions go beyond just promoting its current slate of offerings. The company recognizes the undeniable shift towards cloud computing and its transformative impact on businesses globally. As such, NETSOL Cloud Services, already a respected player in the cloud domain, will witness increased emphasis in the company's promotional activities. Given the ubiquity and scalability of cloud services, promoting this division aligns perfectly with the broader objective of delivering more adaptive and responsive solutions to clients worldwide.

Further complementing this drive towards modern, agile solutions is the company's focus on professional services. In an era where customization and targeted solutions often make the difference between a successful project and an average one, NETSOL's emphasis on fine-tuning its professional services is a testament to its client-centric approach. Clients today, more than ever, seek partners who don't just offer off-the-shelf products but provide tailored solutions catering to their unique challenges and objectives. By intensifying the spotlight on its professional services, NETSOL

is sending a clear message: it's not just about selling software; it's about crafting solutions that resonate with each client's unique landscape.

An equally promising avenue of growth lies with NFS Ascent, NETSOL's flagship enterprise software designed for the finance and leasing industry. With a suite of leads already in the pipeline, expectations are soaring for significant conversions in the upcoming quarter. Such optimism isn't unfounded. NFS Ascent stands as a testament to NETSOL's prowess in understanding the nuanced demands of the finance and leasing industry and delivering a product that not only meets but often exceeds client expectations. Given the software's capabilities and the meticulous groundwork laid by the sales and marketing teams, the conversion of these leads seems not just probable but imminent.

In conclusion, the horizon looks exceptionally promising for NETSOL Technologies. While the past laid a strong foundation of credibility and innovation, the future beckons with opportunities ripe for the taking. Through strategic market expansions, a bolstered presence at industry events, and an unwavering commitment to delivering cutting-edge solutions – be it through cloud services, professional services, or flagship products like NFS Ascent – NETSOL is not just poised for growth; it's on the cusp of setting new benchmarks in the realm of finance and leasing industry solutions.

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 26, 2023



Omar Ghauri
Director

ڈائریکٹرز رپورٹ

ہمیں خوشی ہے کہ نیٹ سول ٹیکنالوجیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کینیڈا کی 30 ستمبر 2023 کو ختم ہونے والے عرصہ کے لئے غیر آڈٹ شدہ مالیاتی گوشوارے بشمول مجموعی مالیاتی گوشوارے پیش کر رہے ہیں۔

عمومی جائزہ:-(General Overview)

سول کی پہلی سرمایہ کار شانداز آغاز ہوا جس میں یورپ، شمالی امریکہ اور ایشیا پیسیفک میں کئی مربوط تقسیم سرگرمیاں اور تقریبات قابل ذکر ہیں۔ مذکورہ سرمایہ کار دوران، ہماری کمپنی نے پیشہ ورانہ خدمات کے لئے کامیابی سے سمجھوتے کی یادداشتوں (MOUs) اور معاہدوں پر دستخط کئے تاکہ ترقی و توسیع کے عزم کو اعادہ کیا جاسکے۔ مزید برآں، ممکنہ کاروباری مواقع میں تیزی سے اضافہ بھی دیکھا گیا جس میں فنانس اور لیزنگ انڈسٹری کے لئے API-first مصنوعات کی سب سے پہلی مارکیٹ پلیس Appex Now کا آغاز اور خصوصاً یورپ ریجن سے حاصل کی گئی ہے جس نے آئندہ مہینوں کے لئے مثبت نتائج کی بنیاد رکھی۔

ایکس نو میں دلچسپی (Traction For Appex Now)

نیٹ سول کے جدید Flex، مربوط لیکولیشن انجن، نے فنانس اور لیزنگ کے وقف انڈسٹری کی سب سے پہلی مارکیٹ پلیس Appex Now مارکیٹ پلیس کے ذریعے حال میں حوصلہ افزا سائن اپ کی لہر دیکھی۔ یہ سائن اپس بنیادی طور پر برطانیہ کی Tier 2 کمپنیوں میں نمایاں رہے جس سے ظاہر ہوتا ہے کہ ان علاقوں میں نیٹ سول کی SaaS پیئر پروڈکٹس کی طلب میں اضافہ ہو رہا ہے۔ یہ شانداز دراصل نہ صرف لہر بدلے ہوئے ڈیجیٹل سلوشنز کے لئے مارکیٹ کی ہمہ وقت تیاری کی نشاندہی کرتا ہے بلکہ نیٹ سول کی API-first حکمت عملی کو بھی ظاہر کرتا ہے۔ تاکہ کینیڈا کی فنانس اور لیزنگ ٹیکنالوجی سلوشنز کے بدلے ہوئے دھارے میں اپنا ہم کردار ادا کر سکے۔

پیشہ ورانہ خدمات کے لئے معاہدے پر دستخط (Contract Signings for Professional Services)

حالہ سرمایہ کاری میں، نمایاں معاہدے طے کر کے نیٹ سول نے پیشہ ورانہ خدمات کے مستند فراہم کنندہ کی حیثیت سے اپنی پوزیشن کو مزید مستحکم کیا۔ ایک اہم امریکی ڈیجیٹل ٹرانسفارمیشن کمپنی نے سیورٹی آپریشن سنٹر (SoC) کے انتظام پر مبنی تین سالہ پروجیکٹ کے لئے نیٹ سول سے شراکت داری کی ہے۔ اسی طرح سے، ایک برطانوی ہیلتھ کیئر ادارے نے ایک ویب ایپلی کیشن کی تیاری کے نو ماہ کے پروجیکٹ کے لئے نیٹ سول سے خدمات لینے کا فیصلہ کیا ہے۔ مزید برآں، ایک غیر منافع بخش ادارے (NGO) نے ایک جامع donor management system کی تیاری و نفاذ کے لئے نیٹ سول کا انتخاب کیا ہے۔ علاوہ ازیں، عارضی عملے کی بھرتی کے لئے بھی نیٹ سول کی صلاحیتوں کا اعتراف کیا گیا ہے جس میں project management اور backend Java development دونوں کے لئے معاہدے کئے گئے ہیں۔ معاہدوں کی متنوع تعداد مختلف صنعتوں کی ضروریات کو پورا کرنے میں کمپنی کے منفرد انداز اور صلاحیت کی عکاسی کرتی ہے۔

AWS LAMBDA سرویس ڈیلیوری اعزاز (AWS LAMBDA SERVICE DELIVERY DESIGNATION)

NETSOL Cloud Services نے Amazon Web Services (AWS) سے AWS Lambda سرویس ڈیلیوری کا شانداز اعزاز حاصل کیا ہے۔ یہ اعزاز سرورس ایپلی کیشن ڈیولپمنٹ میں سہولت کاری کے ایک پلیٹ فارم AWS Lambda کا استعمال ادارے کی کارکردگی کے اعتراف میں دیا گیا۔ AWS Lambda کاروباری اداروں کو server management کی پیچیدگیوں کے بغیر ایپلی کیشنز کے استعمالات میں مدد دیتا ہے تاکہ اضافی تحریک، کم لاگت اور منڈی میں نسبتاً تیز رفتار آغاز کو یقینی بنایا جاسکے۔

دفو کے دورے (Delegation Visits)

ٹیکنالوجی کے دھارے میں نیٹ سول کے نمایاں کردار اور اثر و رسوخ کے ثبوت کے طور پر رواں سرمایہ کاری میں اعلیٰ سطحی دورے اور اعترافات کی ایک لہر اس کی عکاسی کرتی ہے۔ امریکی سفارتکار Excellency Donald Amin Blome نے اپنی ٹیم کے ساتھ نیٹ سول کا دورہ کیا اور اس امر میں دلچسپی کا اظہار کیا کہ امریکی کمپنیاں پاکستان میں خصوصی اور پائیدار نمونے رقم کو کیسے تیز کر سکتی ہیں۔ اسی طرح سے آسٹریلیوی ہائی کمشنر Mr. Neil Hawkins نے بھی ہماری دعوت کو خوشدلی سے قبول کیا۔

ان میں سے اہم ترین دورہ جبیز مین چیف آف اسٹاف کمیٹی کے چیئرمین جنرل ساحر شمشاد مرزا اور ایگزیکٹو مارشل ظہیر احمد بابر کا The National Incubation Center for Aerospace Technologies (NICAT) کا دورہ تھا۔

یہ بے نظیر مرکز IGNITE-National Technology Fund، وزارت انفارمیشن ٹیکنالوجی اور نیٹ سول ٹیکنالوجیز کی مشترکہ کوششوں کا

نتیجہ ہے۔ اس دورے میں معزز مہمانوں کو اس کی پیش رفت سے آگاہ کیا گیا۔

CEO سلیم غوری نے بیکن ہاؤس نیٹسول یونیورسٹی کے وائس چانسلر ڈاکٹر معید یوسف کے ساتھ ایک تعمیری سیشن کا انعقاد جس میں نیکنالوجی کے روشن مستقبل کے بارے میں تبادلہ خیال کیا گیا۔ مزید برآں، ASEAN وفد کے نیٹ سول کے دورے نے ASEAN ممالک میں تکنیکی جدت اور معادلت کے روشن امکانات کی نشاندہی کی۔

عالمی مارکیٹ میں صنعتی واقعات (Industry Events in The Global Market)

دواں دورانہ میں، نیٹ سول نے کئی ممالک کے شاندار صنعتی تقریبات میں بھرپور تعاون اور شرکت کی جو generation leads عالمی سطح پر ہماری برانڈ کی دستیابی میں استحکام کے لئے ہمارے عزم کی عکاسی کرتی ہے۔ ان تقریبات میں CFLA سالانہ کنونشن کینیڈا، برطانیہ میں Next Generation نیٹ ورکنگ، FLA کی مستقبل میں سرمایہ کاری کانفرنس منعقدہ برطانیہ، ELFA آپریٹرز اینڈ نیکنالوجی کانفرنس امریکہ اور APPI بین الاقوامی سیمینار انڈونیشیا قابل ذکر ہیں۔ ان تقریبات میں شمولیت سے عالمی سطح پر اہم اسٹیک ہولڈرز کے ساتھ تعلقات کو وسیع کرنے کے ساتھ ساتھ نہ صرف نیٹ ورکنگ اور برنس ڈیولپمنٹ کے لئے پلیٹ فارم فراہم کیا گیا بلکہ انڈسٹری رجحانات اور جدت میں پیش پیش رہنے کے لئے نیٹ سول کے عزم کا بھی اظہار کیا گیا۔

مالیاتی کارکردگی (Financial performance)

30 ستمبر 2023ء کو ختم ہونے والی سماہی مع 2022ء کی اسی مدت کے مالیاتی سال کے غیر آڈٹ شدہ مالیاتی گوشوارے کے نتائج کا موازنہ درج ذیل ہے۔

انفرادی مالیاتی گوشوارے

جولائی تا ستمبر 2023ء	جولائی تا ستمبر 2022ء
(پاکستانی روپے)	(پاکستانی روپے)
2,256,098,114	1,716,243,023
901,380,843	475,503,564
271,540,383	191,435,186
3.09	2.18
3.09	2.17
4.38	3.76

محصولات
خام منافع
صافی نفع
منافع فی حصص - بنیادی
منافع فی حصص - تحلیل شدہ
EBITDA فی حصص - تحلیل شدہ

30 ستمبر 2023ء کو ختم ہونے والی سماہی کی محصولات پچھلے مالی سال کی اسی سماہی میں درج ہونے والی محصولات کے مقابلے میں 31 فیصد بہتر ہوئی۔ مطلق تعداد میں، کمپنی نے گزشتہ مالی سال کے اسی سماہی میں 1,716 ملین روپے کے مقابلے میں 2,256 ملین روپے کی خالص محصولات حاصل کی۔ ہماری ذیلی کمپنی کے کسٹمرز کو لائسنس کی فراہمی سے شلک لائسنس کی فروخت کی وجہ سے 180 ملین روپے کی محصولات درج کی گئی ہے۔ خدمات محصولات کی مدت میں، کمپنی نے اسی عرصہ میں 888 ملین روپے کے مقابلے میں 929 ملین روپے کی اچھی محصولات درج کی ہیں جو کلائنٹ کی متعلقہ سائنس پر systems deployed کی کسٹمائزیشن اور enhancement سے شلک ہیں۔ اس کے علاوہ، موجودہ سماہی کے دوران سہسکرپشن اور سپورٹ کی محصولات 786 ملین روپے سے بڑھ کر 1,148 ملین روپے ہو گئی ہیں۔

اس مدت کے دوران مجموعی مارجن 901 ملین روپے تک درج کیا گیا ہے جبکہ گزشتہ مدت میں یہ مارجن 476 ملین روپے درج کیا گیا تھا۔ کمپنی نے گزشتہ سال 191 ملین روپے کے مقابلے میں 272 ملین روپے کا بعد از ٹیکس خالص منافع کمایا ہے۔ پاکستانی روپے کی قدر میں اضافہ کی وجہ سے، کمپنی نے اسی عرصے کے دوران 36 ملین روپے کٹ کرٹی تبادلے کے خسارے کو درج کیا ہے جس کا موازنہ گزشتہ سال کے اسی عرصے سے 292 ملین روپے کٹ کرٹی تبادلے کے منافع سے کیا گیا۔ کمپنی نے گزشتہ مدت کے 2.18 اور 2.17 روپے کے مقابلے میں اس سماہی کے لئے 3.09 روپے بنیادی تحلیل شدہ فی حصص منافع درج کیا ہے۔ کمپنی نے گزشتہ عرصے سے 3.76 روپے تحلیل شدہ فی حصص کے مقابلے میں 4.38 روپے فی حصص کا خالص EBITDA منافع درج کیا۔

کمپنی نے اپنے مکمل ملکیتی ذیلی ادارہ "نیٹ سول انویشن (پرائیویٹ) لمیٹڈ" اور اس کے نئے شامل کردہ دی رجسٹرڈ مکمل ملکیتی ذیلی ادارہ "نیٹ

سول اینٹرنیٹ ڈیٹل ایسٹ ایکویپمنٹ ٹریڈنگ ایل ایل سی کے مجموعی مالیاتی گوشوارے شامل کر دیئے ہیں۔ نیٹ سول انویشن بنیادی طور پر پیشہ ورانہ خدمات بشمول اینڈوزنگ ویب سروسز کی فراہمی بھی شامل ہے۔ فی الحال AWS خدمات فراہم کرنے کے لیے ایک ٹیم بنانے کے عمل میں ہے اور بہت معمولی محصولات کو درج کیا گیا ہے جس کے نتیجے میں سہ ماہی خسارہ درج ہوا ہے۔ اسی طرح نیٹ سول اینٹرنیٹ ڈیٹل ایسٹ ایکویپمنٹ ٹریڈنگ ایل ایل سی کو اسی سال شامل کیا گیا ہے جس میں ابھی تک کوئی کاروباری کاروائی نہیں ہے۔ 30 ستمبر 2023ء کے ختم ہونے والی سہ ماہی کیلئے نقد مجموعی محصولات اس سہ ماہی 2022ء کے 1,753 ملین روپے کے مقابلے میں 2,324 ملین روپے ہے۔ مجموعی خام منافع گزشتہ مالی سال کی اسی سہ ماہی کے 468 ملین روپے کے مقابلے میں موجودہ سہ ماہی میں 901 ملین روپے ہے۔ مجموعی بنیاد پر، کمپنی نے گزشتہ سال کی اسی مدت میں 149 ملین روپے نقد مجموعی منافع کے مقابلے میں موجودہ سہ ماہی میں 213 ملین روپے کا نقد مجموعی منافع درج کیا ہے۔ 30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی کے لیے نئی بنیادی اور تحویل شدہ آمدنی، گزشتہ مدت میں 1.69 روپے فی حصص منافع کے مقابلے میں اس مدت میں 2.42 روپے فی حصص منافع درج کیا ہے۔

مستقبل کا نقطہ نظر Future Outlook

فنانس اور لیڈنگ انڈسٹری کے لئے اعلیٰ سافٹ ویئر سلوشنز کی فراہمی میں سرفہرست نیٹ سول ٹیکنالوجیز عالمی سطح پر اپنی موجودگی اور آئندہ دنوں میں خدمات کی فراہمی میں جدید معیار کو داخل کرنے کے لئے کوشاں ہے۔ ماضی قریب میں پیش رفت نے مستقبل کی ایک شاندار جھلک دکھائی جس میں کمپنی کی Apex Now مارکیٹ پلیس کے لئے عالمی سطح پر حاصل گراں قدر دلچسپی قابل ذکر ہے۔ اسی رفتار کو جاری رکھتے ہوئے نیٹ سول شمالی امریکہ کی وسیع اور شاندار منڈی میں باقاعدہ آغاز کے لئے تیار ہے۔ اس حکمت عملی سے کمپنی عالمی منڈیوں میں اپنے قدم جمانے اور انڈسٹری لیڈر کے طور پر اپنی ساکھ کو مضبوط کرنے میں مدد ملے گی۔

البتہ کمپنی کا ویزن موجود پلیٹ فارمز کی علاقائی توسیع تک محدود نہیں ہے۔ تشہیری سرگرمیوں کی رفتار تیز کرنے کے لئے بھی ایک مربوط منصوبہ موجود ہے۔ آئندہ مہینوں میں نیٹ سول انڈسٹری کے کئی تقریبات میں شرکت کے لئے کوشاں ہیں جس میں تین اہم علاقے یعنی شمالی امریکہ، یورپ اور ایشیا پیسیفک شامل ہیں۔ تشہیری سرگرمیوں میں اس پیش رفت کا مقصد صرف براؤنڈ کی موجودگی یقینی بنانا ہے بلکہ انڈسٹری کے حریفین، ممکنہ کلائنٹس اور اسٹیک ہولڈرز کے ساتھ رابطوں میں تیزی بھی لانا ہے تاکہ اپنی پروڈکشن میں دلچسپی سے متعلق معلومات حاصل کی جاسکیں اور انڈسٹری رجحانات سے آگاہی حاصل ہو سکے۔

البتہ نیٹ سول کے عزائم اپنی پروڈکشن کی حالیہ صورت حال کی ترویج سے بالاتر ہیں۔ کمپنی کا وڈ کمپیونگ کی جانب ناقابل تردید دلچسپی اور عالمی سطح پر کاروبار پر مسلسل تہلیل ہوتے ہوئے اثرات سے آگاہ ہے۔ اس طرح نیٹ سول کا وڈ سروسز اس وقت کا وڈ کے شعبے میں باوقار مقام رکھتا ہے۔ اس شعبے کی تعمیر و ترقی دنیا بھر میں کلائنٹس کے پسندیدہ اور نتائج سے بھرپور سلوشنز کی فراہمی کے وسیع عزم کے عین مطابق ہے۔

مزید برآں، جدت کی جانب اس سفر کو جاری رکھنے کے لئے متحرک حل پیشہ ورانہ خدمات پر کمپنی کی توجہ کی عکاسی کرتا ہے۔ عصر حاضر میں کامیاب اور نسبتاً موافق منصوبے کے درمیان کسمپاسی اور نارنگلڈ سلوشنز اکثر فرق ڈالتے ہیں جہاں کلائنٹس پر بھرپور توجہ دینے کی حکمت عملی نیٹ سول کو اپنی پیشہ ورانہ خدمات کو نکھارنے میں مدد دیتی ہے۔ ماضی کی نسبت عصر حاضر میں کلائنٹس ایسے پارٹنرز تلاش کر رہے ہیں جو نہ صرف off-the-shelf پروڈکشن پیش کریں بلکہ اپنے منفرد چیلنجز اور مقاصد سے نبرد آزما ہونے کے لئے موافق حل بھی فراہم کریں۔ اپنی پیشہ ورانہ خدمات پر بھرپور توجہ دینے کی نیٹ سول واضح پیغامات دے رہا ہے: یہ نہ صرف سافٹ ویئر کی فروخت سے متعلق ہے بلکہ یہ حل نکالنے میں مدد دیتا ہے جو ہر کلائنٹ کے منفرد دھارے میں اپنا کردار ادا کرتا ہے۔

ترقی کا ایک منفرد شعبہ NFS Ascent ہے جو نیٹ سول کا فلگ شپ انٹرنیٹ سافٹ ویئر ہے جو خصوصی طور پر فنانس اور لیڈنگ انڈسٹری کے لئے تیار کیا گیا ہے۔ leads کے لئے سافٹ ویئر، جو تیاری کے مراحل میں، سے آئندہ سہ ماہی میں نمایاں پیش رفت ہوگی۔ یہ امید غیر کارآمد نہیں۔ NFS Ascent فنانس اور لیڈنگ انڈسٹری کی بڑھتی ہوئی طلب کو سمجھنے میں نیٹ سول کی صلاحیتوں کی عکاسی کرتا ہے تاکہ اس کی پروڈکشن فراہم کی جاسکیں جو نہ صرف کلائنٹس کی توقع پر پورا اتریں بلکہ اضافی نتائج بھی فراہم کر سکیں۔ سافٹ ویئر کی صلاحیتوں کے ساتھ اور مائیکروسافٹ اور مارکیٹنگ ٹیم کے شاندار کام کی مدد سے ان leads کی تبدیلی نہ صرف ممکنہ بلکہ یقینی ہے۔

مختصر، نیٹ سول ٹیکنالوجیز کا مستقبل تابناک ہے۔ چونکہ ماضی میں کمپنی نے مضبوط بنیادیں اور جدت کو جاری رکھا لہذا مستقبل میں نئے مواقع سے بھرپور فائدہ اٹھایا جائے گا۔ اسٹرٹیجک مارکیٹ میں توسیع کے ذریعے انڈسٹری تقریبات میں تقویت دینے والی موجودگی اور عالمی معیار کے حل فراہم کرنے کا ناقابل تردید عزم چاہے یہ کلاؤڈ سروسز، پیشہ ورانہ خدمات یا فلگ شپ پروڈکشن NFS Ascent کے ذریعے ہو۔ نیٹ سول صرف نمو کے لئے پیش پیش نہیں بلکہ فنانس اور لیڈنگ انڈسٹری سلوشنز کے شعبے میں نئے ٹیچ مارک قائم کرنے کے لئے پرعزم ہے۔

اعتراف (Acknowledgement)

بورڈ آف ڈائریکٹرز کینی کے حصص یافتگان، قابل قدر صارفین، سرکاری اداروں اور مالیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراج تحسین پیش کرتا ہے جس نے کینی کو یہ نتائج حاصل کرنے کے قابل بنایا۔ بورڈ کینی کے تمام ایگزیکٹوز اور اسٹاف ممبرز کا ان کی قابل قدر خدمات و وفاداری اور ان کی مسلسل کوششوں کو قدر کی نگاہ سے دیکھتا ہے اور انہیں بھی خراج تحسین پیش کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی مخلصانہ کوششیں جاری و ساری رہیں گی۔

از طرف بورڈ آف ڈائریکٹرز

—

عمر شہاب غوری
(ڈائریکٹر)

—

سلیم اللہ غوری
(چیف ایگزیکٹو آفیسر)

لاہور

26 اکتوبر، 2023ء

CONDENSED FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2023

Condensed Interim Statement of Financial Position - Unaudited

As at September 30, 2023

	NOTE	Sep-23 Unaudited	Jun-23 Audited
Rupees			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,434,608,624	1,514,208,964
Intangible assets	6	-	40,385,947
		1,434,608,624	1,554,594,911
Long term investments	7	52,280,650	52,280,650
Long term loans to employees		2,239,173	4,391,690
		1,489,128,447	1,611,267,251
CURRENT ASSETS			
Trade debts	8	4,336,127,339	5,639,020,972
Contract assets		2,023,604,037	1,968,963,315
Loans and advances	9	97,031,557	64,849,265
Trade deposits & short term prepayments	10	140,470,854	125,948,934
Other receivables	11	32,553,679	26,110,091
Due from related parties	12	855,476,076	726,749,907
Taxation - net		12,621,097	6,261,617
Cash & bank balances		3,413,827,150	2,631,170,928
		10,911,711,789	11,189,075,029
TOTAL ASSETS		12,400,840,236	12,800,342,280
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs.10/- each	13	2,000,000,000	2,000,000,000
Issued, subscribed and paid-up capital	13	898,369,232	898,369,232
Share deposit money		12,500	12,500
Reserves	14	8,543,955,153	8,269,052,436
		9,442,336,885	9,167,434,168
NON-CURRENT LIABILITIES			
Long term financing	15	39,414,379	49,626,618
Lease liabilities		250,923	970,557
Long term advances		18,850,000	16,675,000
		58,515,302	67,272,175
CURRENT LIABILITIES			
Trade and other payables	16	845,652,152	818,362,446
Contract liabilities		424,405,577	1,117,495,620
Short term borrowings		1,580,000,000	1,580,000,000
Current portion of long term liabilities		46,076,489	45,924,040
Unclaimed dividend		3,853,831	3,853,831
		2,899,988,049	3,565,635,937
CONTINGENCIES & COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		12,400,840,236	12,800,342,280

The annexed notes from 1 to 25 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, 2023

	NOTE	Jul-Sep 2023	Jul-Sep 2022
Rupees			
Revenue from contracts with customers - net	18	2,256,098,114	1,716,243,023
Cost of revenue		(1,354,717,271)	(1,240,739,459)
Gross profit		901,380,843	475,503,564
Selling and promotion expenses		(160,713,035)	(152,530,894)
Administrative expenses		(350,347,153)	(346,119,587)
		(511,060,188)	(498,650,481)
Operating profit/(loss)		390,320,655	(23,146,917)
Other income		148,400,953	388,330,592
		538,721,608	365,183,675
Other operating expenses		(155,341,648)	(106,384,843)
Finance cost		(79,308,728)	(26,242,019)
Profit before taxation		304,071,232	232,556,813
Taxation	19	(32,530,849)	(41,121,627)
Profit after taxation for the period		271,540,383	191,435,186
Earnings per share			
Basic - In Rupees	20	3.09	2.18
Diluted - In Rupees	20	3.09	2.17

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Comprehensive Income - Unaudited

For the Quarter Ended September 30, 2023

	Jul-Sep 2023	Jul-Sep 2022
	Rupees	
Profit after taxation for the period	271,540,383	191,435,186
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:	-	-
Items that may be reclassified to profit or loss in subsequent periods (net of tax):	-	-
Total comprehensive income for the period	271,540,383	191,435,186

The annexed notes from 1 to 25 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, 2023

	Jul-Sep 2023	Jul-Sep 2022
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	304,071,232	232,556,813
Adjustments for non cash charges and other items:		
Depreciation - own assets	92,612,546	90,028,277
Amortization of right of use assets	668,313	668,312
Amortization of intangible assets	40,385,947	73,375,935
(Gain) on disposal of fixed assets	(5,278)	(5,192,668)
Foreign exchange loss/(gain)	35,695,788	(291,886,653)
Finance cost	77,194,211	26,450,937
Interest income	(147,870,675)	(91,026,271)
Employee compensation expense	3,362,334	9,380,425
Amortization of deferred grant	-	(712,511)
Provision for expected credit losses	26,328,924	14,586,300
	128,372,110	(174,327,917)
Cash generated from operations before working capital changes	432,443,342	58,228,896
Working Capital Changes		
Trade debts	1,244,186,707	(344,337,158)
Contract assets	(57,958,509)	(148,972,380)
Contract liabilities	(693,090,043)	(187,807,526)
Loans and advances	(30,029,775)	(41,502,317)
Trade deposits & short term prepayments	(14,521,920)	(87,072,396)
Other receivables	(6,443,588)	(2,136,769)
Due from related parties	(128,726,169)	(28,674,669)
Trade and other payables	21,562,775	109,258,021
Cash generated from /(used in) operations	334,979,478	(731,245,194)
Finance cost	(71,467,280)	(19,799,978)
Income taxes paid	(38,890,329)	(37,423,056)
Dividend paid	-	(85,236)
Net cash generated from /(used in) operations	657,065,211	(730,324,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment's purchased	(13,733,297)	(203,704,396)
Sales proceeds of fixed asset	58,056	35,049,197
Advances against capital expenditure	-	(2,968,990)
Interest received	147,870,676	91,026,271
Net cash generated from/(used in) investing activities	134,195,435	(80,597,918)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid against lease liabilities	(921,924)	(690,213)
Long term loan	(9,857,500)	(77,046,785)
Long term advances	2,175,000	2,175,000
Net cash (used in) financing activities	(8,604,424)	(75,561,998)
Net increase/(decrease) in cash and cash equivalents	782,656,222	(886,484,484)
Cash and cash equivalents at the beginning of the period	2,631,170,928	3,785,712,936
Cash and cash equivalents at the end of the period	3,413,827,150	2,899,228,452

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Changes in Equity - Unaudited

For the Quarter Ended September 30, 2023

	Issued, subscribed and paid-up capital	Share deposit money	Capital Reserve				Revenue Reserve	Total
			Treasury share reserve	Employee share option compensation reserve	Share premium	Foreign currency translation reserve	Un-appropriated profit	
Rupees								
Balance as at June 30, 2022	898,369,232	12,500	(184,738,875)	232,223,439	304,166,629	(33,686,884)	6,610,689,569	7,827,035,610
Net profit for the period	-	-	-	-	-	-	191,435,186	191,435,186
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	191,435,186	191,435,186
Amortization of employee share options	-	-	-	9,381,000	-	-	-	9,381,000
	-	-	-	9,381,000	-	-	191,435,186	200,816,186
Balance as at September 30, 2022	898,369,232	12,500	(184,738,875)	241,604,439	304,166,629	(33,686,884)	6,802,124,755	8,027,851,796
Balance as at June 30, 2023	898,369,232	12,500	(184,738,875)	253,700,958	304,166,629	-	7,895,923,724	9,167,434,168
Net profit for the period	-	-	-	-	-	-	271,540,383	271,540,383
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	271,540,383	271,540,383
Amortization of employee share options	-	-	-	3,362,334	-	-	-	3,362,334
	-	-	-	3,362,334	-	-	271,540,383	274,902,717
Balance as at September 30, 2023	898,369,232	12,500	(184,738,875)	257,063,292	304,166,629	-	8,167,464,107	9,442,336,885

The annexed notes from 1 to 25 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, 2023

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. Principal activities 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
5 3rd floor Jasmin's Arcade Fakhar-e-Alam road, Peshawar Cantt. Pakistan.	Branch office
6 Office no 23, The Arcadin, Kohinoor city, Jaranwala road, Faisalabad, 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 separate 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 separate 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, 2023.

2.3 Basis of measurement

These separate condensed 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 policies or notes. These accounts have been prepared under accrual basis of accounting.

2.4 Functional and presentation currency

These separate 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, 2023.

3.2. **New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards and companies Act 2017 that are effective in current year:**

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2023, 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.

3.3. **New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the company:**

There are certain other new and amended standards, interpretations and amendments that are mandatory for the company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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, 2023.

	NOTE	Sep-23 Unaudited	Jun-22 Audited
Rupees			
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,426,896,634	1,505,828,661
Net book value of right of use assets	5.2	7,711,990	8,380,303
		1,434,608,624	1,514,208,964
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,505,828,661	1,576,395,582
Additions	5.1.1	13,733,297	407,325,270
		1,519,561,958	1,983,720,852
Less:			
Disposals - net book value	5.1.2	(52,778)	(88,586,884)
Depreciation & amortization		(92,612,546)	(389,305,307)
		1,426,896,634	1,505,828,661
5.1.1 Following is the detail of addition / transfers :			
Furniture & fixture		172,005	3,550,130
Vehicles		2,255,000	110,433,902
Office equipment		282,300	13,684,440
Computers		11,023,992	142,798,498
Air conditioners		-	3,283,900
Generator		-	3,288,840
Computer software		-	130,285,560
Total		13,733,297	407,325,270

5.1.2 Following is the detail of disposals :

	Sep-23 Unaudited			Jun-23 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
Rupees						
Furniture & fixture	-	-	-	626,652	492,610	134,042
Vehicles	-	-	-	101,154,421	43,703,359	57,451,062
Office equipment	-	-	-	161,000	127,747	33,253
Computers	190,000	137,222	52,778	544,596,197	513,634,254	30,961,943
Air conditioners	-	-	-	199,000	192,416	6,584
Total	190,000	137,222	52,778	646,737,270	558,150,386	88,586,884

NOTE

**Sep-23
Unaudited**
**Jun-23
Audited**
Rupees

5.2 RIGHT OF USE ASSETS					
Opening Balance - net book value				8,380,303	32,738,991
Additions				-	-
Less:				8,380,303	32,738,991
Disposals - net book value			5.2.1	-	(21,685,439)
Depreciation & amortization				(668,313)	(2,673,249)
				7,711,990	8,380,303

5.2.1 Following is the detail of disposals :

	Sep-23 Unaudited			Jun-23 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
Rupees						
Vehicles	-	-	-	49,285,094	27,599,655	21,685,439
Total	-	-	-	49,285,094	27,599,655	21,685,439

6. INTANGIBLE ASSETS

Opening Balance - net book value				40,385,947	333,889,687
Less:				40,385,947	333,889,687
Amortization				(40,385,947)	(293,503,740)
				-	40,385,947

6.1 NFS - Ascent has been fully amortized during the period but the company is still generating revenues from its sale.

7. LONG TERM INVESTMENTS
Investment in subsidiaries - at cost- unquoted

NetSol Innovation (Pvt.) Limited			7.1	30,062,650	30,062,650
NetSol Ascent Middle East Computer Equipment Trading L.L.C.			7.2	-	-
				30,062,650	30,062,650
Subscription money payable			7.3	22,218,000	22,218,000
				52,280,650	52,280,650

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 (2023 : 3,006,305) fully paid ordinary shares of Rs. 10/- each i.e. 100% of Equity held (2023 : 100%) .

- 7.2 This represents 300 ordinary shares of AED 1,000/- each, representing 100% (2023: Nil) shares in the wholly owned subsidiary NetSol Ascent Middle East Computer Equipment Trading L.L.C. Main object of the company is to provide services related to computer systems and communication equipment and software. Principal place of business of the subsidiary is situated in Dubai. As of reporting date, no capital investment has been made in that entity. However there are some transactions incurred under normal course of business.
- 7.3 This represents subscription money payable in respect of wholly owned subsidiary, NetSol Ascent Middle East Computer Equipment Trading L.L.C.

	NOTE	Sep-23 Unaudited	Jun-23 Audited
Rupees			
8. TRADE DEBTS			
Considered good - unsecured	8.1	4,336,127,339	5,639,020,972
Considered doubtful - unsecured		379,281,170	356,270,033
		4,715,408,509	5,995,291,005
Less: Provision against expected credit losses	8.2	(379,281,170)	(356,270,033)
		4,336,127,339	5,639,020,972
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 (from export sales) are as under:		
NetSol Technologies (Thailand) Limited		223,641,734	277,821,116
NetSol Technologies (Beijing) Company Limited		2,096,091,470	1,925,047,916
NetSol Technologies Australia Pty. Limited		673,270,349	724,626,625
NetSol Technologies Americas Inc.		504,494,781	403,160,531
NetSol Technologies Europe		7,378,914	14,318,265
Ascent Europe Limited		252,632,225	120,893,334
OTOZ Thailand Limited		73,542,966	75,788,552
		3,831,052,439	3,541,656,339
9. LOANS AND ADVANCES			
Current maturity of loans to executives		3,511,458	6,569,366
Advances			
- to employees		1,949,047	-
- against expenses	9.1	91,571,052	58,279,899
		97,031,557	64,849,265
9.1	The advances against expenses are given to meet business expenses and are settled as and when the expenses are incurred.		
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		4,927,092	4,877,628
Prepayments		135,543,762	121,071,306
		140,470,854	125,948,934
11. OTHER RECEIVABLES			
Guarantee margin		1,144,000	2,344,000
Other receivable - considered good		31,409,679	23,766,091
		32,553,679	26,110,091
12. DUE FROM RELATED PARTIES			
Considered good - unsecured			
Parent			
NetSol Technologies Inc.		160,034,122	150,793,593
Associates			
NetSol Technologies Americas Inc.		108,204,650	91,181,798
NetSol Connect (Pvt) Ltd.		14,704,844	15,744,976
NetSol Technologies Beijing Ltd.		200,822,657	166,958,203
OTOZ Thailand Ltd.		40,540,239	41,778,109
Wholly owned Subsidiaries			
NetSol Innovation (Pvt.) Ltd	12.2	331,169,564	260,293,228
		855,476,076	726,749,907



- 12.1 These relate to normal course of business of the company and are interest free.
- 12.2 These relate to normal course of business of the company and the interest at a rate of 6 months KIBOR is charged on the outstanding balance at the end of each month.

13. SHARE CAPITAL

13.1 Authorized share capital

	Sep-23	Jun-23		Sep-23	Jun-23
	Unaudited	Audited		Unaudited	Audited
	Number of shares			Rupees	
	200,000,000	200,000,000	Ordinary Shares of Rs. 10 each.	2,000,000,000	2,000,000,000
13.2 Issued, subscribed & paid-up capital					
	42,686,191	42,686,191	Ordinary shares of Rs. 10 each fully paid in cash	426,861,910	426,861,910
	47,150,732	47,150,732	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	471,507,322	471,507,322
	89,836,923	89,836,923		898,369,232	898,369,232

NetSol Technologies Inc. 16000 Ventura Boulevard STE 770 ENCINO CA 91436, USA, is the parent company holding 67.62% (2023 : 67.62%) of issued capital of the company.

The share capital includes 2,000,000 ordinary shares (Rs. 10 each as fully paid in cash) held as treasury shares by the company. These treasury shares are held in CDC blocked account in the freeze form. These are not entitled to any voting right, cash dividend or any other distribution made by the company. No sale or disposal of treasury shares has been made during the financial year.

14. RESERVES

Capital reserve

Premium on issue of ordinary shares	304,166,629	304,166,629
Employee share option compensation reserve	257,063,292	253,700,958
Treasury share reserve	(184,738,875)	(184,738,875)
Revenue reserve		
Un - appropriated profit	8,167,464,107	7,895,923,724
	8,543,955,153	8,269,052,436

15. LONG TERM FINANCING

Loan obligations	82,337,274	92,194,774
Less: Current portion shown under current liabilities:		
Current portion of Loan obligations	(42,922,895)	(42,568,156)
	39,414,379	49,626,618

16. Trade and other payables includes Rs. 16.48 M (2023: Rs. 18.6 M) payable to related parties. This relates to normal course of the business and is interest free.

17. CONTINGENCIES & COMMITMENTS

17.1 Contingencies

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

17.2 Commitments

Bank guarantees have been issued amounting Rs. 36.21 million (2023: Rs. 36.21 million) against performance of contract, to LESCO and to Standard Chartered Bank against its corporate credit cards.

The Company has a capital commitments of NIL as at Sep 30, 2023. (2023: Nil)



	Jul-Sep 2023	Jul-Sep 2022
	Rupees	
18. REVENUE FROM CONTRACTS WITH CUSTOMERS		
DISAGGREGATION OF REVENUE:		
Export Revenue		
License	179,499,290	-
Services	908,122,526	822,271,167
Subscription and Support	1,136,079,420	785,529,148
	2,223,701,236	1,607,800,315
Local Revenue		
License	-	42,653,570
Services	21,930,764	67,957,991
Subscription and Support	11,673,917	-
	33,604,681	110,611,561
Sales tax	(1,207,803)	(2,168,853)
	2,256,098,114	1,716,243,023
18.1 Timing of revenue recognition:		
At a point in time	179,499,290	42,653,570
Over the time	2,076,598,824	1,673,589,453
	2,256,098,114	1,716,243,023

19. TAXATION

For exporters of IT & IT enabled services, export income is taxable under FTR at 0.25% of the export remittances realized through normal banking channels. However tax as per applicable rates is charged to the income of the company generated from sources other than export income.

	Jul-Sep 2023	Jul-Sep 2022
	Rupees	
20. EARNINGS PER SHARE		
Basic		
Profit after taxation for the period	271,540,383	191,435,186
Average number of ordinary shares in issue during the period	87,836,923	87,836,923
Basic - In Rupees	3.09	2.18
Diluted		
Profit after taxation for the period	271,540,383	191,435,186
Average number of ordinary shares in issue during the period	87,977,869	88,189,335
Diluted - In Rupees	3.09	2.17

21. 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-Sep	Jul-Sep
		2023	2022
		Rupees	
(i) Subsidiary	Rental income	300,000	600,000
	Provision of services	600,000	900,000
	Mark-up income	16,495,307	-
(ii) Associated undertaking	Rental income	225,000	225,000
	Provision of services	710,457,300	374,920,070
	Purchase of services	11,606,826	9,720,432
(iii) Post employment benefit	Contribution to defined contribution plan	43,819,759	44,433,892
(iv) Key management personnel	Salaries and benefits	87,847,932	77,324,718
	Retirement benefits	3,509,101	3,254,503
	Commission paid	7,223,753	2,080,000

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

22. 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.

23. CORRESPONDING FIGURES

Corresponding figures have been wherever re-classified, re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these financial statements.

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 26, 2023 by the Board of Directors.

25. FIGURES

Figures have been rounded off to the nearest rupee unless otherwise stated. Previously, the figures were rounded off to the nearest thousand rupees. Due to the change in presentation of financials, there are slight changes in figures but they have no material impact. However, overall financial results remain unchanged.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter Ended September 30, 2023

Condensed Consolidated Interim Statement of Financial Position - Unaudited

As at September 30, 2023

	NOTE	Sep-23 Unaudited	Jun-23 Audited
Rupees			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,441,310,235	1,521,471,840
Intangible assets	6	-	40,385,947
		1,441,310,235	1,561,857,787
Long term loans to employees		2,239,173	4,391,690
		1,443,549,408	1,566,249,477
CURRENT ASSETS			
Trade debts	7	4,366,290,664	5,662,695,808
Contract assets		2,038,592,891	1,979,309,913
Loans and advances	8	97,485,057	64,849,265
Trade deposits & short term prepayments	9	142,188,259	128,720,430
Other receivables		32,553,679	26,110,091
Due from related parties	10	524,306,512	466,456,679
Taxation - net		12,852,484	6,387,524
Cash & bank balances		3,419,986,406	2,633,066,097
		10,634,255,952	10,967,595,807
TOTAL ASSETS		12,077,805,360	12,533,845,284
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs.10/- each	11	2,000,000,000	2,000,000,000
Issued, subscribed and paid-up capital	11	898,369,232	898,369,232
Share deposit money		12,500	12,500
Reserves	12	8,210,465,194	7,994,308,415
		9,108,846,926	8,892,690,147
NON-CURRENT LIABILITIES			
Long term financing	13	39,414,379	49,626,618
Lease liabilities		250,923	970,557
Long term advances		18,850,000	16,675,000
		58,515,302	67,272,175
CURRENT LIABILITIES			
Trade and other payables	14	855,276,318	819,451,107
Contract liabilities		425,236,494	1,124,653,984
Short term borrowings		1,580,000,000	1,580,000,000
Current portion of long term liabilities		46,076,489	45,924,040
Unclaimed dividend		3,853,831	3,853,831
		2,910,443,132	3,573,882,962
CONTINGENCIES & COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		12,077,805,360	12,533,845,284

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Condensed Consolidated Interim Statement of Profit or Loss - Unaudited

For the Quarter Ended September 30, 2023

	NOTE	Jul-Sep 2023	Jul-Sep 2022
Rupees			
Revenue from contracts with customers - net	16	2,323,581,527	1,753,455,563
Cost of revenue		(1,422,674,974)	(1,285,763,789)
Gross profit		900,906,553	467,691,774
Selling and promotion expenses		(197,293,068)	(186,010,265)
Administrative expenses		(353,889,668)	(348,755,962)
		(551,182,736)	(534,766,227)
Operating profit/(loss)		349,723,817	(67,074,453)
Other income		131,849,063	384,640,181
		481,572,880	317,565,728
Other operating expenses		(156,754,369)	(101,192,175)
Finance cost		(79,404,674)	(26,272,922)
Profit before taxation		245,413,837	190,100,631
Taxation	17	(32,694,779)	(41,241,048)
Profit after taxation for the period attributable to equity holders of the parent		212,719,058	148,859,583
Earnings per share			
Basic - In Rupees	18	2.42	1.69
Diluted - In Rupees	18	2.42	1.69

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited

For the Quarter Ended September 30, 2023

	Jul-Sep 2023	Jul-Sep 2022
	Rupees	
Profit after taxation for the period	212,719,058	148,859,583
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:	-	-
Items that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	75,387	-
Total comprehensive income for the period attributable to equity holders of the parent	212,794,445	148,859,583

The annexed notes from 1 to 24 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, 2023

	Jul-Sep 2023	Jul-Sep 2022
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	245,413,837	190,100,631
Adjustments for non cash charges and other items:		
Depreciation - own assets	93,700,958	90,938,402
Amortization of right of use assets	668,313	668,312
Amortization of intangible assets	40,385,947	73,375,935
Loss on disposal of fixed assets	(5,278)	(5,192,668)
Foreign exchange (gain)	37,108,509	(293,211,120)
Finance cost	77,194,211	26,450,937
Interest income	(131,618,785)	(91,204,061)
Employee compensation expense	3,362,334	9,380,425
Amortization of deferred grant	-	(712,511)
Provision for expected credit losses	26,328,924	14,586,300
	147,125,133	(174,920,049)
Cash generated from operations before working capital changes	392,538,970	15,180,582
Working Capital Changes		
Trade debts	1,236,285,498	(350,427,832)
Contract assets	(62,600,764)	(153,058,036)
Contract liabilities	(699,417,490)	(187,807,513)
Loans and advances	(30,483,275)	(41,457,317)
Trade deposits & short term prepayments	(13,467,832)	(87,426,052)
Other receivables	(6,443,588)	(2,136,769)
Due from related parties	(57,849,833)	29,743,590
Trade and other payables	30,098,280	109,391,666
Cash generated from/(used in) operations	396,120,996	(683,178,263)
Finance cost	(71,467,280)	(19,799,978)
Income taxes paid	(39,159,739)	(37,531,587)
Dividend paid	-	(85,236)
Net cash generated from/(used in) operations	678,032,947	(725,414,482)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(14,260,265)	(207,082,396)
Sales proceeds of fixed asset	58,056	35,049,196
Advances against capital expenditure	-	(2,968,990)
Interest received	131,618,785	91,204,061
Net cash generated from/(used in) investing activities	117,416,576	(83,798,129)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid against lease liabilities	(921,922)	(690,212)
Long term loan	(9,857,500)	(77,046,785)
Long term advances	2,175,000	2,175,000
Net cash (used in) financing activities	(8,604,422)	(75,561,997)
Net increase/(decrease) in cash and cash equivalents	786,845,101	(884,774,608)
Net foreign exchange difference	75,208	-
Cash and cash equivalents at the beginning of the period	2,633,066,097	3,794,132,251
Cash and cash equivalents at the end of the period	3,419,986,406	2,909,357,643

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For the Quarter Ended September 30, 2023

	Issued, subscribed and paid-up capital	Share deposit money	Attributable to equity holders of the Parent					Revenue Reserve	Total
			Capital Reserve						
			Treasury share reserve	Employee share option compensa- tion reserve	Share premium	Foreign currency translation reserve	Un-appropri- ated profit		
R u p e e s									
Balance as at June 30, 2022	898,369,232	12,500	(184,738,875)	232,880,926	304,166,629	(33,686,884)	6,581,144,009	7,798,147,537	
Net profit for the period	-	-	-	-	-	-	148,859,583	148,859,583	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	148,859,583	148,859,583	
Amortization of employee share options	-	-	-	9,380,425	-	-	-	9,380,425	
	-	-	-	9,380,425	-	-	148,859,583	158,240,008	
Balance as at September 30, 2022	898,369,232	12,500	(184,738,875)	242,261,351	304,166,629	(33,686,884)	6,730,003,592	7,956,387,545	
Balance as at June 30, 2023	898,369,232	12,500	(184,738,875)	254,358,445	304,166,629	925,332	7,619,596,884	8,892,690,147	
Net profit for the period	-	-	-	-	-	-	212,719,058	212,719,058	
Other comprehensive income for the period	-	-	-	-	-	75,387	-	75,387	
Total comprehensive income for the period	-	-	-	-	-	75,387	212,719,058	212,794,445	
Amortization of employee share options	-	-	-	3,362,334	-	-	-	3,362,334	
	-	-	-	3,362,334	-	75,387	212,719,058	216,156,779	
Balance as at September 30, 2023	898,369,232	12,500	(184,738,875)	257,720,779	304,166,629	1,000,719	7,832,315,942	9,108,846,926	

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Notes to the Condensed Consolidated Interim Financial Statements Unaudited

For the Quarter Ended September 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited
- NetSol Ascent Middle East Computer Equipment Trading L.L.C.

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. Principal activities 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
5 3rd floor Jasmin's Arcade Fakhar-e-Alam road, Peshawar Cantt. Pakistan.	Branch office
6 Office no 23, The Arcadin, Kohinoor city, Jaranwala road, Faisalabad, Pakistan.	Branch office
7 Khalifa Abdulla Ali Bin Belaila Almheiri P.O. BOX MF-A70 Abu Hail	Subsidiary Office

NetSol Innovation (Private) Limited ("the subsidiary Company" or "Subsidiary") is incorporated in Pakistan as a private limited company and is a wholly owned subsidiary (2023 :100%) of NetSol Technologies Limited. The subsidiary company is engaged in business of providing software development services and allied IT services. Registered office of the subsidiary is situated at NetSol IT Village, Lahore Ring Road, Main Ghazi Interchange, Lahore Cantt. Pakistan.

NetSol Ascent Middle East Computer Equipment Trading L.L.C. is incorporated in Emirate of Dubai as a limited liability company. NetSol Technologies Limited owns 100% of its shareholding. The subsidiary is engaged in the business of development and sale of computer systems and communication equipment and software.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated 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 consolidated 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, 2023.

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 and policies. 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 rupee unless stated otherwise.

3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed consolidated 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, 2023.

3.2. New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards and companies Act 2017 that are effective in current year:

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2023, 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 consolidated interim financial information.

3.3. New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the company:

There are certain other new and amended standards, interpretations and amendments that are mandatory for the company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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, 2023.

	NOTE	Sep-23 Unaudited	Jun-23 Audited
Rupees			
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,433,598,245	1,513,091,537
Net book value of right of use assets	5.2	7,711,990	8,380,303
		1,441,310,235	1,521,471,840
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,513,091,537	1,583,169,072
Additions	5.1.1	14,260,265	411,870,240
		1,527,351,802	1,995,039,312
Less:			
Disposals - net book value	5.1.2	(52,778)	(88,586,884)
Depreciation & amortization		(93,700,779)	(393,360,891)
		1,433,598,245	1,513,091,537

	NOTE	Sep-23 Unaudited	Jun-23 Audited
Rupees			
5.1.1 Following is the detail of addition / transfers:			
Furniture & fixture		172,005	3,588,100
Vehicles		2,255,000	110,433,902
Office equipment		282,300	13,823,440
Computers		11,550,960	147,166,498
Air conditioners		-	3,283,900
Generator		-	3,288,840
Computer software		-	130,285,560
Total		14,260,265	411,870,240

5.1.2 Following is the detail of disposals :

	Sep-23 Unaudited			Jun-23 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
Rupees						
Furniture & fixture	-	-	-	626,652	492,610	134,042
Vehicles	-	-	-	101,154,421	43,703,359	57,451,062
Office equipment	-	-	-	161,000	127,747	33,253
Computers	190,000	137,222	52,778	544,596,197	513,634,254	30,961,943
Air conditioners	-	-	-	199,000	192,416	6,584
Total	190,000	137,222	52,778	646,737,270	558,150,386	88,586,884

5.2 RIGHT OF USE ASSETS

Opening Balance - net book value		8,380,303	32,738,993
Additions		-	-
		8,380,303	32,738,993
Less:			
Disposals - net book value	5.2.1	-	(21,685,441)
Depreciation & amortization		(668,313)	(2,673,249)
		7,711,990	8,380,303

5.2.1 Following is the detail of disposals:

	Sep-23 Unaudited			Jun-23 Audited		
	Cost	Accumulated Depreciation	Written down value	Cost	Accumulated Depreciation	Written down value
Rupees						
Vehicles	-	-	-	49,285,094	27,599,653	21,685,441
Total	-	-	-	49,285,094	27,599,653	21,685,441

6. INTANGIBLE ASSETS

Opening Balance - net book value		40,385,947	333,889,687
Less:			
Amortization		(40,385,947)	(293,503,740)
		-	40,385,947

6.1 NFS - Ascent has been fully amortized during the period but the company is still generating revenues from its sale.



	NOTE	Sep-23 Unaudited Rupees	Jun-23 Audited
7. TRADE DEBTS			
Considered good - unsecured	7.1	4,366,290,664	5,662,695,808
Considered doubtful - unsecured		379,281,170	356,270,033
		4,745,571,834	6,018,965,841
Less: Allowance for expected credit losses	7.2	(379,281,170)	(356,270,033)
		4,366,290,664	5,662,695,808
7.1	It represents amount receivable from customers. It is unsecured but considered good by the management.		
7.2	This is an allowance for expected credit losses created by the company for any future doubtful trade debts.		
7.3	Amount receivable from related parties included in trade debts (from export sales) are as under:		
NetSol Technologies (Thailand) Limited		223,641,734	277,821,116
NetSol Technologies (Beijing) Company Limited		2,096,091,470	1,925,047,916
NetSol Technologies Australia Pty. Limited		673,270,349	724,626,625
Netsol Technologies Americas Inc.		504,494,781	403,160,531
NetSol Technologies Europe Ltd		27,883,065	37,993,101
Ascent Europe Limited		252,632,225	120,893,334
OTOZ Thailand Ltd		73,542,966	75,788,552
		3,851,556,590	3,565,331,175
8. LOANS AND ADVANCES - Unsecured			
Current maturity of loans to executives		3,573,258	6,569,366
Advances			
- to employees		2,340,747	-
- against expenses	8.1	91,571,052	58,279,899
		97,485,057	64,849,265
8.1	Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.		
9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposit		4,927,092	4,877,628
Prepayments		137,261,167	123,842,802
		142,188,259	128,720,430
10. DUE FROM RELATED PARTIES			
Considered good - unsecured			
Parent			
NetSol Technologies Limited Inc.		160,034,122	150,793,593
Associates:			
NetSol Connect (Pvt.) Ltd.		14,704,844	15,744,976
OTOZ Thailand Ltd		40,540,239	41,778,109
NetSol Technologies (Beijing) Ltd		200,822,657	166,958,203
NetSol Technologies Americas Inc.		108,204,650	91,181,798
		524,306,512	466,456,679
10.1	These relate to normal business of the group and are interest free.		

11. SHARE CAPITAL
11.1 Authorised share capital

	Sep-23 Unaudited	Jun-23 Audited		Sep-23 Unaudited	Jun-23 Audited
	Number of shares			Rupees	
	200,000,000	200,000,000	Ordinary Shares of Rs. 10 each.	2,000,000,000	2,000,000,000
11.2 Issued, subscribed & paid-up capital					
	42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,861,910	426,861,910
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507,322	471,507,322
	89,836,923	89,836,923		898,369,232	898,369,232

NetSol Technologies Inc. 16000 Ventura Boulevard STE 770 ENCINO CA 91436, USA, is the parent company holding 67.62% (2023: 67.62%) of issued capital of the Company.

The share capital includes 2,000,000 ordinary shares (Rs. 10 each as fully paid in cash) held as treasury shares by the parent company. These treasury shares are held in CDC blocked account in freeze form. These are not entitled to any voting right, cash dividend or other distribution made by the company. No sale or disposal of treasury shares has been made during the financial year.

12. RESERVES

Capital reserve					
Premium on issue of ordinary shares				304,166,629	304,166,629
Employee share option compensation reserve				257,720,779	254,358,445
Foreign currency translation reserve				1,000,719	925,332
Treasury share reserve				(184,738,875)	(184,738,875)
Revenue reserve					
Un - appropriated profit				7,832,315,942	7,619,596,884
				8,210,465,194	7,994,308,415

13. LONG TERM FINANCING - SECURED

Loan liability				82,337,274	92,194,774
Less: Current portion shown under current liabilities:					
Current portion of loan liability				(42,922,895)	(42,568,156)
				39,414,379	49,626,618

14. Trade and other payables includes Rs. 1.08 M (2023: Rs. NIL) payable to related parties. This relates to normal course of the business and is interest free.

15. CONTINGENCIES & COMMITMENTS
15.1 Contingencies

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

15.2 Commitments

Bank guarantees have been issued amounting Rs. 36.21 million (2023: Rs. 36.21 million) against performance of various contracts, to LESCO and Standard Chartered Bank against its corporate credit cards.

The Company has capital commitments of NIL (2023: NIL) under capital purchase agreements as at Sep 30, 2023.

	Jul-Sep 2023	Jul-Sep 2022
Rupees		
16. REVENUE FROM CONTRACTS WITH CUSTOMERS		
DISAGGREGATION OF REVENUE:		
Export Revenue		
License	179,499,290	-
Services	971,610,715	859,483,707
Subscription and Support	1,136,079,420	785,529,148
	2,287,189,425	1,645,012,855
Local Revenue		
License	-	42,653,570
Services	26,125,749	67,957,991
Subscription and Support	11,673,917	-
	37,799,666	110,611,561
Sales tax	(1,407,564)	(2,168,853)
	2,323,581,527	1,753,455,563
16.1 Timing of revenue recognition:		
At a point in time	179,499,290	42,653,570
Over the time	2,144,082,237	1,710,801,993
	2,323,581,527	1,753,455,563

17. TAXATION

For exporters of IT & IT enabled services, export income is taxable under FTR at 0.25% of the export remittances realized through normal banking channels. However tax as per applicable rates is charged to the income of the company generated from sources other than export income.

18. EARNINGS PER SHARE

Basic		
Profit attributable to ordinary shareholders of NetSol Technologies Limited	212,719,058	148,859,583
Weighted average number of ordinary shares in issue during the period	87,836,923	87,836,923
Basic - In Rupees	2.42	1.69
Diluted		
Profit attributable to ordinary shareholders of NetSol Technologies Limited	212,719,058	148,859,583
Weighted average number of ordinary shares in issue during the period	87,977,869	88,189,335
Diluted - In Rupees	2.42	1.69

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

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

Fair value of financial assets and liabilities

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

20. 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-Sep	Jul-Sep
		2023	2022
		Rupees	
(i) Associated undertaking	Rental Income	225,000	225,000
	Provision of services	735,879,102	374,920,070
	Purchase of services	11,606,826	9,720,432
(ii) Key management personnel	Salaries and benefits	89,079,834	84,017,660
	Retirement benefits	3,544,669	3,550,670
	Commission paid	8,146,103	2,080,000
(iii) Post employment benefit	Contribution to defined contribution plan	46,203,500	46,087,894
(iv)	There are no transactions with any key management personnel other than under the terms of employment.		

21. SEGMENT REVENUES AND RESULTS

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

	Sep-23			
	PBS	PS	BPO	Total
Rupees				
Revenue - net				
External sales				
License	179,499,290	-	-	179,499,290
Services	903,133,278	71,482,453	21,942,068	996,557,799
Subscription and Support	1,147,524,438	-	-	1,147,524,438
Total revenue	2,230,157,006	71,482,453	21,942,068	2,323,581,527
Cost of revenue	(1,339,628,568)	(67,657,703)	(15,388,702)	(1,422,674,974)
Segment results	890,528,438	3,824,750	6,553,365	900,906,553
Unallocated corporate expenses:				
Selling and promotion expenses				(197,293,068)
Administrative expenses				(353,889,668)
Other income				131,849,063
Other operating expenses				(156,754,369)
Finance cost				(79,404,674)
Taxation				(32,694,779)
Profit after taxation				212,719,058

	Sep-22			
	PBS	PS	BPO	Total
	Rupees			
Revenue - net				
External sales				
Licence	41,817,209	-	-	41,817,209
Services	859,862,206	37,213,000	29,034,000	926,109,206
Subscription and Support	785,529,148	-	-	785,529,148
Total revenue	1,687,208,563	37,213,000	29,034,000	1,753,455,563
Cost of revenue	(1,220,775,752)	(44,801,860)	(20,186,177)	(1,285,763,789)
Segment results	466,432,811	(7,588,860)	8,847,823	467,691,774
Unallocated corporate expenses:				
Selling and promotion expenses				(186,010,265)
Administrative expenses				(348,755,962)
Other income				384,640,181
Other operating expenses				(101,192,175)
Finance cost				(26,272,922)
Taxation				(41,241,048)
Profit after taxation				148,859,583

*Key

PBS = Product Based Solutions and Ancilliary Services PS = Professional Services

BPO = Business Process Outsourcing

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.

22. CORRESPONDING FIGURES

Corresponding figures have been wherever re-classified, re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these financial statements.

23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 26, 2023 by the Board of Directors.

24. GENERAL

Figures have been rounded off to the nearest rupees unless otherwise stated. Previously, the figures were rounded off to the nearest thousand rupees. Due to the change in presentation of financials, there are slight changes in figures but they have no material impact. However, overall financial results remain unchanged.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

NETSOL

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