

A large, stylized number '2' in a gold color, positioned diagonally across the page. The '2' is composed of two main parts: a thick, curved bottom section and a thinner, pointed top section. The gold has a subtle gradient and a slight shadow effect.

CONSOLIDATED FINANCIAL

STATEMENTS

For the Half Year Ended December 31, 2017

Condensed Consolidated Interim Balance Sheet - Unaudited
As at December 31, 2017

	NOTE	Dec-17 Unaudited	Jun-17 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,839,228	1,956,098
Intangible assets	6	1,654,657	1,801,409
		3,493,885	3,757,507
Long term Investment	7	267,755	203,685
Long term loans to employees	8	961	446
		3,762,601	3,961,638
CURRENT ASSETS			
Trade debts	9	2,366,535	822,323
Excess of revenue over billing		2,060,590	1,788,568
Loans and advances	10	36,291	31,623
Trade deposits & short term prepayments		18,859	15,126
Other receivables		61,075	19,889
Due from related parties		17,180	19,746
Taxation - net		53,264	51,020
Cash & bank balances		622,758	1,070,904
		5,236,552	3,819,199
TOTAL ASSETS		8,999,153	7,780,837
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	11	1,500,000	1,500,000
Issued, subscribed and paid-up capital	11	896,859	896,359
Share deposit money		13	13
Reserves	12	5,479,535	4,947,940
		6,376,407	5,844,312
Non - controlling Interest		188,669	163,038
		6,565,076	6,007,350
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		15,906	24,537
Long term advances		2,986	5,309
		18,892	29,846
CURRENT LIABILITIES			
Trade and other payables	13	508,285	443,468
Unearned revenue		788,101	142,471
Short term borrowings		1,074,997	1,113,713
Current portion of long term liabilities		43,803	43,989
		2,415,186	1,743,641
CONTINGENCIES & COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		8,999,153	7,780,837

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

Condensed Consolidated Interim Profit & Loss Account - Unaudited
For The Half Year Ended December 31, 2017

	NOTE	Oct-Dec 2017	Oct-Dec 2016	Jul-Dec 2017	Jul-Dec 2016
		Rupees in '000'		Rupees in '000'	
Revenue - net	15	1,208,020	1,331,546	2,159,856	2,455,768
Cost of revenue		(612,336)	(810,356)	(1,272,898)	(1,512,626)
Gross profit		595,684	521,190	886,958	943,142
Selling and promotion expenses		(96,630)	(120,883)	(169,591)	(211,833)
Administrative expenses		(166,318)	(164,034)	(326,232)	(330,262)
Other operating expenses		(951)	(67,864)	(1,692)	(110,143)
Other income		189,892	2,215	306,961	4,869
Operating profit		521,677	170,624	696,405	295,773
Finance cost		(11,005)	(5,901)	(24,064)	(11,478)
Profit before taxation		510,672	164,723	672,341	284,295
Taxation					
Current period	16	(8,351)	(16,470)	(11,494)	(17,919)
Prior period	16	(779)	(98)	(779)	(832)
		(9,130)	(16,568)	(12,273)	(18,751)
Profit after taxation for the period		501,542	148,155	660,068	265,544
Attributable to:					
Equity holders of NetSol Technologies Limited		492,161	125,501	634,437	222,675
Non - controlling interest		9,381	22,654	25,631	42,869
		501,542	148,155	660,068	265,544
Earning per share					
Basic - In Rupees	18	5.49	1.41	7.08	2.50
Diluted - In Rupees	18	5.48	1.40	7.06	2.48

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

Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited
For The Half Year Ended December 31, 2017

	Oct-Dec 2017	Oct-Dec 2016	Jul-Dec 2017	Jul-Dec 2016
	Rupees in '000'		Rupees in '000'	
Profit after taxation for the period	501,542	148,155	660,068	265,544
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	501,542	148,155	660,068	265,544
Attributable to:				
Equity holders of NetSol Technologies Limited	492,161	125,501	634,437	222,675
Non - controlling interest	9,381	22,654	25,631	42,869
	501,542	148,155	660,068	265,544

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

Condensed Consolidated Interim Statement of Cash Flows - Unaudited
For The Half Year Ended December 31, 2017

	Jul-Dec 2017	Jul-Dec 2016
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	672,341	284,295
Adjustments for non cash charges and other items:		
Depreciation - own assets	118,699	151,914
Amortization of leased assets	8,809	15,969
Amortization of intangible assets	146,752	247,835
Loss on disposal of fixed assets	1,875	3,340
Exchange (gain) / loss on debtors	(292,850)	106,947
Interest expense	23,212	10,721
Interest income	(10,426)	(2,939)
Deferred employee compensation expense	26,881	36,523
(Gain) on short term investment	(2,265)	(1,424)
	20,686	568,886
Cash generated from operations before working capital changes	693,027	853,181
Working Capital Changes		
Trade debts	(877,757)	(710,067)
Loans and advances	(5,183)	(5,809)
Trade deposits & short term prepayments	(3,733)	(2,858)
Other receivables	(41,186)	538
Due from related parties	2,566	(9,681)
Trade and other payables	70,866	105,403
Cash used in operations	(854,427)	(622,474)
Interest paid	(27,095)	(12,290)
Income taxes paid	(14,517)	(33,728)
Dividend paid	(132,211)	(125,914)
Net cash (used in)/ generated from operations	(335,222)	58,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipments purchased	(28,870)	(62,902)
Sales proceeds of fixed asset	9,499	443
Capital work in progress	6,861	(5,785)
Long Term Investment	(64,070)	(73,204)
Gain on investments	2,265	1,424
Interest received	10,426	2,939
Net cash used in investing activities	(63,889)	(137,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	500	1,160
Share deposit money	-	(1,477)
Share premium	321	745
Paid against obligation under finance lease	(23,531)	(29,923)
Received against obligation under finance lease	12,520	32,742
Short term borrowing	(38,716)	(793)
Long term advances	(130)	4,138
Net cash generated from/ (Used in) financing activities	(49,036)	6,592
Net decrease in cash and cash equivalents	(448,147)	(71,718)
Cash and cash equivalents at the beginning of the period	1,070,904	326,902
Cash and cash equivalents at the end of the period	622,757	255,184

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

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2017

	Attributable to equity holders of the Parent					Total	Non Controlling Total Equity Interest	
	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compensation reserve	Capital reserve - Share premium	Revenue reserve Unappropriated profit			
	Rupees In '000'							
Balance as at June 30, 2016	891,544	1,490	1,607	298,777	4,418,123	5,611,541	284,470	5,896,011
Total comprehensive income for the period								
Net profit for the half year ended								
December 31, 2016	-	-	-	-	222,675	222,675	42,869	265,544
Other comprehensive income	-	-	-	-	-	-	-	-
Shares deposit money against options exercised		428				428	-	428
Shares issued against options exercised (116,000 shares at Rs. 10 each)	1,160	(1,905)	(171)	916		-	-	-
Distributions to owners								
- By subsidiary to non-controlling interest cash dividend					(44,622)	(44,622)	(86,664)	(86,664)
Contribution of parent on account of employee share options			36,523			36,523		36,523
	1,160	(1,477)	36,352	916	178,053	215,004	(43,795)	171,209
Balance as at September 30, 2016	892,704	13	37,959	299,693	4,596,176	5,826,545	240,675	6,067,220
Balance as at June 30, 2017	896,359	13	75,549	302,579	4,569,812	5,844,312	163,038	6,007,350
Total comprehensive income for the period								
Net profit for year ended								
December 31, 2017	-	-	-	-	634,437	634,437	25,631	660,068
Shares issued against options exercised (50,000 shares at Rs. 10 each)	500	(821)	(74)	395				
Final cash dividend Rs. 1.45 per share (14.5% per share)	-	-	-	-	(130,045)	(130,045)		(130,045)
Options lapsed due to employee resignation	-	-	-	-				
Contribution of parent on account of employee share options	-	-	26,881	-	-	26,881	-	26,881
Amount received against option exercised	-	821	-	-	-	821	-	821
	500	0	26,807	394.87	504,392	532,095	25,631	557,725
Balance as at December 31, 2017	896,859	13	102,356	302,974	5,074,204	6,376,406	188,669	6,565,076

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

Notes to the Condensed Consolidated Interim Financial Statements Unaudited

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 Companies Ordinance, 1984 as a private company limited by shares was later on converted into public limited company on November 05, 2004. The Company was listed on Karachi Stock Exchange on August 26, 2005 and subsequently also got listed on Lahore Stock Exchange and Islamabad Stock Exchange. Due to de-mutualization of stock exchanges, all these stock exchanges have merged in 2015 to form Pakistan Stock Exchange. As a result of this merger, the company is now listed at Pakistan Stock Exchange. The business of the Company is development and sale of computer software and its related services in Pakistan as well as abroad. The registered office of the Company is situated at NetSol IT Village, Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

NetSol Innovation (Private) Limited ("the subsidiary Company" or "Subsidiary") is incorporated in Pakistan as a private limited company in which NetSol Technologies Limited has share holding of 50.52%. The subsidiary company is engaged in business of providing online software development services. The registered office of the Company is situated NetSol IT Village, Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

A new Companies Act 2017 was promulgated on May 30, 2017 through which the companies were required to prepare their financial statements under the new Act. Later on, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 4, 2017 clarified that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. On a clarification sought by Institute of Chartered Accountants of Pakistan regarding preparation of interim financial statements of companies for the periods ending on or before December 31, 2017, SECP has also advised to prepare interim financial statements for the periods ending on or before December 31, 2017 in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984 and are being submitted to the shareholders as required by Section 237 of the Companies Act 2017. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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, 2017.

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.

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 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, 2017.

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 effective for accounting periods beginning on July 01, 2017, but are considered not to be relevant or to 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 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, 2017.

		Dec-17 Unaudited	Jun-17 Audited
Rupees in '000'			
5. PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,956,098	2,261,721
Additions	5.1	49,518	143,172
		2,005,616	2,404,893
Less:			
Disposals - net book value	5.2	(38,883)	(97,756)
Depreciation & amortization		(127,507)	(351,038)
		1,839,226	1,956,098
5.1 Following is the detail of additions :			
Furniture & fixture		43	3,707
Vehicles		31,730	78,860
Computers		10,013	33,881
Air conditioners		85	16,197
Office equipment		1,686	5,255
Generator		12,071	-
Computer software		751	147
Advance against capital expenditure		(6,861)	5,125
Capital work-in-progress		-	-
Total		49,518	143,172

	Cost	Dec-17 Unaudited Acc. Depreciation	Written down Value	Cost	Jun-17 Audited Acc. Depreci- ation	Written down Value
Rupees in '000'						
5.2 Following is the detail of deletions						
Furniture & fixture	1,136	635	501	1,409	865	543
Vehicles	45,089	23,222	21,866	96,126	25,001	71,126
Computers	22,422	18,276	4,147	45,328	33,048	12,281
Air conditioners	154	100	55	19,140	5,393	13,747
Office equipment	579	336	243	145	86	60
Generator	17,045	4,974	12,071	-	-	-
Total	86,425	47,542	38,883	162,148	64,392	97,756

		Dec-17 Unaudited	Jun-17 Audited
Rupees in '000'			
6. INTANGIBLE ASSETS			
Opening Balance - net book value		1,801,409	2,195,996
Additions		-	-
		1,801,409	2,195,996
Less:			
Amortization		(146,752)	(394,587)
		1,654,657	1,801,409
7. LONG TERM INVESTMENTS - at cost			
WRLD3D Limited (Unquoted company) (Formerly EEGEO Inc.)	7.1	267,755	203,685
		267,755	203,685

7.1 During the fiscal year 2016, the Company entered into an agreement with WRLD3D Limited (formerly eeGeo, Inc.) a UK based gaming and 3D mapping Company (a Delaware Corporation) to purchase 12.2% investment for \$2,777,778 which will be earned over future periods partly by providing IT and enterprise software solutions and partly in cash. Per agreement, the Company will provide a minimum of \$200,000 of services in each three-month period and the entire balance is required to be provided within three years of the date of the agreement. As of December 31, 2017, the Company has provided cash and services valued at \$2,549,587 (PKR 267,755,428) which is recorded as investment.

		Dec-17	Jun-17
		Rupees in '000'	
8. LONG TERM LOANS TO EMPLOYEES-Unsecured			
Considered good			
Loan to employees			
- to executives	8.1	3,503	8,212
- to non-executives		1,339	1,021
Less: current maturity		(3,881)	(8,787)
		961	446
8.1 Loans are given to employees for their personal needs and deducted from salaries.			
9. TRADE DEBTS			
Considered good - unsecured	9.3	2,366,535	822,323
Considered doubtful - unsecured	9.2	35,225	35,225
		2,401,760	857,548
Less: Provision for doubtful debt		(35,225)	(35,225)
		2,366,535	822,323
9.1 It represents amount receivable from customers. It is unsecured but considered good by the management.			
9.2 This is a general provision created by the Company for any future doubtful trade debts.			
9.3 Amount receivable from related parties included in trade debts are as under:			
1Insurer Limited, UK		242,893	121,904
The Innovation Group - UK BPS		34	20,739
1Insurer Inc, USA		25,758	10,408
NetSol Technologies (Thailand) Limited		63,840	97,439
NetSol Technologies (Beijing) Company Limited		144,279	121,937
NetSol Australia Pty. Limited		488	9,475
Netsol Technologies North Americas		18,449	-
NetSol Technologies Europe Limited		565	-
WRLD3D INC.		4,348	-
		500,653	381,901
10. LOANS AND ADVANCES - Unsecured			
Considered good			
Current maturity of loans to employees		3,881	8,787
Advances			
- to executives		27	111
- against expenses	10.1.	32,383	22,725
		36,291	31,623
10.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.			
11. SHARE CAPITAL			
11.1 Authorised share capital			
	Dec-17	Jun-17	
	Unaudited	Audited	
	Number of shares		Rupees in '000'
	150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.
	1,500,000	1,500,000	
11.2 Issued, subscribed & paid-up capital			
	42,535,191	42,485,191	Ordinary Shares of Rs. 10 each fully paid in cash
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares
	89,685,923	89,635,923	
	896,859	896,359	

NETSOL Technologies Inc., 24025 Park Sorrento, Suite 410, Calabasas CA 91302, USA, is the parent company holding majority of issued capital of the Company.

		Dec-17 Unaudited	Jun-17 Audited
Rupees in '000'			
12. RESERVES			
Capital reserve			
Premium on issue of ordinary shares		302,974	302,579
Revenue reserve			
Un - appropriated profit		5,074,204	4,569,812
Employee share option compensation reserve		102,356	75,549
		5,479,535	4,947,940
13. Trade and other payables also include payable to related parties, detail of which is given below:			
13.1 Due to related party			
Parent			
NetSol Technologies Inc.	13.2	86,328	101,355
Associated			
NetSol Technologies Europe Ltd		33	768
		86,361	102,123

13.2 This relates to normal course of business of the Group and is interest free.

14. CONTINGENCIES & COMMITMENTS

14.1 Contingencies

14.1.1 Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages for malicious prosecution before the civil court, Lahore and has sought the damages to the tune of PKR 500 million. The case was filed after the complaint filed by NetSol pertaining to use of NetSol's IP without authority by a company formed by Mr. Ahsan Zubair and his partner who was also an ex-employee of the Company. Keeping in view the facts and circumstances of the case, including the nature of evidence of the plaintiff and the laws applicable, it can safely be inferred that, on merits, no case for damages is made out. This is also endorsed by the fact that case is barred by the laws relating to limitation as it has been filed by some two years beyond prescribed time. Moreover none of the ingredients forming basis for allowing a case of malicious prosecution are attracted. Therefore, on the facts of the case, there appears to be no chances of the case being allowed and there is no likelihood of this case having any adverse financial impact on the Company.

14.1.2 While disposing off a show cause notice issued by FBR under section 161 of the Income Tax Ordinance, 2001 for the tax year 2015, the assessing authority, in its judgment dated 26-07-2016 contended and considered the commission paid to a non-resident as fee for technical services and imposed a tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. The company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. The decision is currently pending with the competent authority. The company is confident that final outcome will be in its favour and accordingly no provision has been made in these financial statements in this respect.

14.2 Commitments

14.2.1 The Company has issued worth Rs. 7.977 million (June 2017: 7.977 million) bank guarantees and bid bonds to LESCO and various customers against sale of software and allied services.

14.2.2 The subsidiary shall indemnify Innovation Group (EMEA) Limited up to £2,000,000 in case of physical damage or loss to its tangible property. However at present the subsidiary is not using / in possession of any tangible property of Innovation Group (EMEA) Limited.

	Oct-Dec 2017	Oct-Dec 2016	Jul-Dec 2017	Jul-Dec 2016
Rupees in '000'		Rupees in '000'		
15. REVENUE - NET				
Export Revenue				
License	202,051	359,003	316,598	777,110
Services	825,401	745,943	1,486,945	1,270,002
Maintenance	180,568	224,328	356,313	401,480
	1,208,020	1,329,274	2,159,856	2,448,592
Local Revenue				
Services	-	-	-	3,417
Maintenance	-	2,329	-	4,544
	-	2,329	-	7,961
Sales tax	-	(57)	-	(785)
	1,208,020	1,331,546	2,159,856	2,455,768

16. TAXATION

Income of the Group from export of computer software and its related services developed in Pakistan is exempt from tax up to June 30, 2019 provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels as per clause 133 of part 1 of the Second Schedule to the Income Tax Ordinance, 2001. However tax as per applicable rates is charged to the income of the Group generated from other than core business activities.

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

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

Fair value of financial assets and liabilities

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

	Oct-Dec 2017	Oct-Dec 2016	Jul-Dec 2017	Jul-Dec 2016
	Rupees in '000'		Rupees in '000'	
18. EARNING PER SHARE				
Basic				
Profit after taxation for the period	492,161	125,501	634,437	222,675
Average number of ordinary shares in issue during the period	89,681	89,248	89,658	89,240
Basic - In Rupees	5.49	1.41	7.08	2.50
Diluted				
Profit after taxation for the period	492,161	125,501	634,437	222,675
Average number of ordinary shares in issue during the period	89,807	89,962	89,803	89,954
Diluted - In Rupee	5.48	1.40	7.06	2.48

19. TRANSACTION WITH RELATED PARTIES

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

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

	Relationship with the Company	Nature of transactions		
(i)	Parent	Dividend	68,836	23,736
		Repayment of loan	113,713	-
(ii)	Associated undertaking	Rental Income	450	450
		Provision of services	318,820	497,888
		Purchase of services	10,299	9,654
(iii)	Key management personnel	Salaries and benefits	31,623	35,014
		Retirement benefits	976	1,030
		Commission paid	21,302	30,609
(vi)	Post employment benefit	Contribution to defined contribution plan	37,846	47,364
(v)	There are no transactions with any key management personnel other than under the terms of employment.			

20. SEGMENT REVENUES AND RESULTS

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

	Dec-17			Total
	NFS	IS & SSS	BPO	
	Rupees in '000			
Revenue - net				
External sales				
Licence	316,598	-	-	316,598
Services	1,178,209	-	308,737	1,486,946
Maintenance	356,313	-	-	356,313
Total revenue	1,851,120	-	308,737	2,159,856
Cost of revenue	(1,044,288)	(5,019)	(223,592)	(1,272,898)
Segment results	806,832	(5,019)	85,145	886,958
Unallocated corporate expenses:				
Selling and promotion expenses				(169,591)
Administrative expenses				(326,232)
Other operating expenses				(1,692)
Other income				306,961
Finance cost				(24,064)
Taxation				(12,273)
Profit after taxation				660,068
	Dec-16			
	NFS	IS & SSS	BPO	Total
	Rupees in '000			
Revenue - net				
External sales				
Licence	777,109	-	-	777,109
Services	841,220	2,632	428,782	1,272,634
Maintenance	401,481	4,544	-	406,025
Inter-segment sales				
Total revenue	2,019,810	7,176	428,782	2,455,768
Cost of revenue	(1,101,294)	(167,247)	(244,085)	(1,512,626)
Segment results	918,516	(160,071)	184,697	943,142
Unallocated corporate expenses:				
Selling and promotion expenses				(211,833)
Administrative expenses				(330,262)
Other operating expenses				(110,143)
Other income				4,869
Finance cost				(11,478)
Taxation				(18,751)
Profit after taxation				265,544

*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.

21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 12, 2018 by the Board of Directors.

22. GENERAL

The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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

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