



For the Quarter Ended September 30, 2020

**CONSOLIDATED FINANCIAL
STATEMENTS**

For The Quarter Ended September 30, 2020



Condensed Consolidated Interim statement Of Financial Position - Unaudited

As at September 30, 2020

	NOTE	Sep-20 Unaudited	Jun-20 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,559,664	1,550,068
Intangible assets	6	847,521	920,897
		2,407,185	2,470,965
Long term Investment	7	196,467	209,764
Long term loans to employees		1,412	1,571
		2,605,064	2,682,300
CURRENT ASSETS			
Trade debts	8	2,100,662	2,200,933
Contract assets		1,563,537	1,652,633
Loans and advances		37,865	14,145
Trade deposits & short term prepayments		42,051	25,672
Other receivables		9,500	8,672
Due from related parties		479,626	373,619
Taxation - net		16,185	16,533
Cash & bank balances		2,381,945	2,115,872
		6,631,371	6,408,079
TOTAL ASSETS		9,236,435	9,090,379
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	9	1,500,000	1,500,000
Issued, subscribed and paid-up capital	9	898,369	898,369
Share deposit money		13	13
Reserves	10	6,143,309	6,009,760
		7,041,691	6,908,142
NON-CURRENT LIABILITIES			
Long term financing		212,244	172,500
Lease liabilities		8,079	14,924
		220,323	187,424
CURRENT LIABILITIES			
Trade and other payables	11	305,368	194,276
Contract liabilities		107,757	311,541
Short term borrowings		1,380,000	1,380,000
Current portion of long term liabilities		175,449	103,106
Unclaimed dividend		5,847	5,890
		1,974,421	1,994,813
CONTINGENCIES & COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		9,236,435	9,090,379

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Consolidated Interim Statement of Profit or Loss - Unaudited

For The Quarter Ended September 30, 2020

	NOTE	Jul-Sep 2020	Jul-Sep 2019 (Restated)
Rupees in '000'			
Revenue from contracts with customers - Net	14	1,115,310	1,317,583
Cost of revenue		(667,034)	(806,943)
Gross profit		448,276	510,640
Selling and promotion expenses		(130,031)	(142,600)
Administrative expenses		(178,513)	(190,465)
		(308,544)	(333,065)
Operating profit		139,732	177,575
Other income		73,774	49,186
		213,506	226,761
Other operating expenses		(33,678)	(385,093)
Finance cost		(15,819)	(9,245)
Loss of share from Associate		(12,928)	(20,787)
Profit / (Loss) before taxation		151,081	(188,363)
Taxation			
Current period	15	(23,298)	(24,642)
Prior period	15	(694)	-
		(23,992)	(24,642)
Profit/(Loss) after taxation for the period		127,089	(213,005)
Attributable to:			
Equity holders of NetSol Technologies Limited		127,089	(201,396)
Non - controlling interest		-	(11,609)
		127,089	(213,005)
Earnings/(Loss) per share			
Basic - In Rupees	17	1.41	(2.24)
Diluted - In Rupees	17	1.41	(2.24)

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Consolidated Interim Statement of Other Comprehensive Income - Unaudited
For The Quarter Ended September 30, 2020

	Jul-Sep 2020	Jul-Sep 2019 (Restated)
	Rupees in '000'	
Profit/(Loss) after taxation for the period	127,089	(213,005)
Other comprehensive (Loss)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods (net of tax):	-	-
Share of other comprehensive (loss) of an associate	(369)	(1,437)
Total comprehensive Income/(Loss) for the period	126,720	(214,442)
Attributable to:		
Equity holders of NetSol Technologies Limited	126,720	(202,833)
Non - controlling interest	-	(11,609)
	126,720	(214,442)

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Consolidated Interim Statement of Cash Flows - Unaudited

For The Quarter Ended September 30, 2020

NOTE	Jul-Sep 2020	Jul-Sep 2019 (Restated)
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation for the period	151,081	(188,363)
Adjustments for non cash charges and other items:		
Depreciation - own assets	52,748	41,351
Amortization of Right of use assets	5,041	7,383
Amortization of intangible assets	73,376	73,376
(Gain) / Loss on disposal of fixed assets	(421)	46
Amortization of deferred revenue	(671)	(671)
Foreign exchange (gain) / Loss	(39,928)	273,771
Interest expense	19,719	8,907
Interest income	(32,529)	(48,290)
Deferred employee compensation expense	6,829	7,200
Amortization of deferred grant	(4,174)	
Provision for expected credit losses	27,688	15,403
Share of loss of Associate	12,928	20,787
	120,606	399,262
<i>Cash generated from operations before working capital changes</i>	271,688	210,899
Working Capital Changes		
Trade debts & Contract Assets/Liabilities	(2,177)	97,261
Loans and advances	(23,562)	(5,510)
Trade deposits & short term prepayments	(16,379)	(25,866)
Other receivables	(828)	45
Due from related parties	(106,007)	(170,331)
Trade and other payables	113,454	(47,135)
Cash (used in) operations	(35,499)	(151,536)
Interest paid	(22,081)	(15,517)
Income taxes paid	(23,643)	(19,979)
Dividend paid	(43)	(38)
<i>Net cash generated from operations</i>	190,422	23,829
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(37,870)	(64,120)
Sales proceeds of fixed asset	2,140	152
Advances against capital expenditure	(31,234)	22,854
Interest received	32,529	48,290
<i>Net cash (used in)/generated from investing activities</i>	(34,435)	7,173
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	1,140
Share premium	-	714
Paid against lease liabilities	(9,693)	(10,280)
Long term payable	112,619	
Deferred grant	8,021	-
Long term advances	(861)	1,026
<i>Net cash generated from / (used in) financing activities</i>	110,086	(7,400)
<i>Net increase in cash and cash equivalents</i>	266,073	23,602
<i>Cash and cash equivalents at the beginning of the period</i>	2,115,872	2,053,102
<i>Cash and cash equivalents at the end of the period</i>	2,381,945	2,076,704

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Quarter Ended September 30, 2020

	Attributable to equity holders of the Parent						Total	Non Controlling Interest	Total Equity
	Issued, subscribed and paid-up capital	Share deposit money	Capital reserve			Revenue reserve			
			Employee share option compe-nsa- tion reserve	Share premium	Foreign currency translation reserve	Unappropri ated profit			
Rupees In '000'									
Balance as at June 30, 2019	897,229	13	167,025	303,266	-	5,727,026	7,094,559	225,035	7,319,594
Net (loss) for the period									
September 30, 2019	-	-	-	-	-	(201,396)	(201,396)	(11,609)	(213,005)
Other comprehensive (loss)	-	-	-	-	(1,437)	-	(1,437)	-	(1,437)
Shares deposit money against options exercised	-	-	-	-	(1,437)	(201,396)	(202,833)	(11,609)	(214,442)
Shares issued against options exercised (114,000 shares at Rs. 10 each)	1,140	(1,872)	(168)	900	-	-	1,872	-	1,872
Lapse of 13,500 share options			(20)				(20)		(20)
Contribution of parent on account of employee share options			7,200				7,200		7,200
	1,140	-	7,012	900	(1,437)	(201,396)	(193,780)	(11,609)	(205,390)
Balance as at September 30, 2019	898,369	13	174,037	304,167	(1,437)	5,525,630	6,900,779	213,426	7,114,205
Balance as at June 30, 2020	898,369	13	206,555	304,167	(16,830)	5,515,868	6,908,142	-	6,908,142
Net Profit for the period	-	-	-	-	-	127,089	127,089	-	127,089
Other comprehensive (loss) for the period					(369)		(369)		(369)
Total comprehensive (loss) / profit for the period					(369)	127,089	126,720	-	126,720
Contribution of parent on account of employee share options			6,829	-			6,829	-	6,829
	-	-	6,829	-	(369)	127,089	133,549	-	133,549
Balance as at September 30, 2020	898,369	13	213,384	304,167	(17,199)	5,642,957	7,041,691	-	7,041,691

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Condensed Consolidated Interim Financial Statements Unaudited

For The Quarter Ended September 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

NetSol Technologies Limited ("the Company"), incorporated in Pakistan on August 22, 1996 under the repealed Companies Ordinance, 1984, (Now Companies Act 2017) as a private company limited by shares, was later on converted into public limited company and subsequently listed on Pakistan Stock Exchange on August 26, 2005. Main business of the Company is development and sale of computer software and allied services in Pakistan as well as abroad.

Address/Location	Purpose
1 NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.	Registered office and business unit
2 43/1/Q, Amna Villa 1, Block-6, PECHS Housing Society Karachi.	Branch office
3 House No. 4, Safari villas 1, Bahria town, Rawalpindi. Pakistan.	Branch office

NetSol Innovation (Private) Limited ("the subsidiary Company" or "Subsidiary") is incorporated in Pakistan as a private limited company in which NetSol Technologies Limited has share holding of 100%. The subsidiary company is engaged in business of providing online software development services. The registered office of the Company is situated at NetSol IT Village, Lahore Ring Road, Main Ghazi Interchange, Lahore Cantt. Pakistan.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

-Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed."

These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2020.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed in respective accounting notes. These accounts have been prepared under accrual basis of accounting.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Pak Rupee, which is the Group's functional currency. All financial information presented in Pak Rupee has been rounded off to the nearest thousand unless stated otherwise.

3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Group for the year ended June 30, 2020.

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

Certain standards, amendments and interpretations to approved accounting standards are also effective for accounting periods beginning on July 01, 2020, but are neither relevant nor have any significant effect on the group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

4. USE OF ESTIMATES AND JUDGMENT

The preparation of condensed consolidated interim financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the judgements, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the company for the year ended June 30, 2020 except for change in accounting estimate detailed below in Note 4.1

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

Effective July 01, 2020, Group has reassessed the remaining useful lives of all of its fixed assets and changed its method of depreciation from reducing balance method to straight line method of depreciation. Effect of change in this accounting estimate has been recognised prospectively as required by IAS 8, i-e change in accounting estimate is recognized in period of change and future periods. Due to change in this accounting estimate depreciation/amortization charge on property, plant & equipment is increased by Rs. 14.48 Million in current quarter.

		Sep-20 Unaudited	Jun-20 Audited
Rupees in '000'			
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,434,533	1,451,130
Net book value of right of use assets	5.2	93,897	98,938
Advances against capital expenditure		31,234	-
		1,559,664	1,550,068
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,451,130	1,513,696
Additions	5.1.1	37,870	127,335
		1,489,000	1,641,031
Less:			
Disposals - net book value	5.1.2	(1,719)	(13,611)
Depreciation & amortization		(52,748)	(176,290)
		1,434,533	1,451,130
5.1.1 Following is the detail of addition / (transfer)			
Furniture & fixture		214	3,431
Vehicles		45	62,788
Office equipment		290	4,576
Computers		37,231	52,454
Air conditioners		90	3,453
Computer software		-	634
Total		37,870	127,335

5.1.2 Following is the detail of deletions	Sep-20 Unaudited			Cost	Jun-20 Audited	Written down Value
	Cost	Accumulated Depreciation	Written down Value		Accumulated Depreciation	
Rupees in '000'						
Vehicles	2,453	1,627	826	20,979	8,312	12,667
Office equipment	33	19	14	-	-	-
Computers	16,866	15,987	880	2,204	1,842	363
Air conditioners	-	-	-	1,926	1,343	582
Total	19,352	17,633	1,719	25,109	11,497	13,611

		Sep-20 Unaudited	Jun-20 Audited
Rupees in '000'			
5.2 RIGHT OF USE ASSETS			
Opening Balance - net book value		98,938	149,911
Additions		-	-
		98,938	149,911
Less:			
Disposals - net book value	5.2.1	-	(22,495)
Depreciation & amortization		(5,041)	(28,478)
		93,897	98,938

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

		Sep-20 Unaudited	Jun-20 Audited
Rupees in '000'			
6. INTANGIBLE ASSETS			
Opening Balance - net book value		920,897	1,214,401
Less:			
Amortization		(73,376)	(293,504)
		847,521	920,897
7. LONG TERM INVESTMENTS - at cost			
Investment in associate			
WRLD3D inc. (Unquoted company)	7.1	196,467	209,764
		196,467	209,764

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

		Sep-20 Unaudited	Jun-20 Audited
	NOTE	Rupees in '000'	
8. TRADE DEBTS			
Considered good - unsecured	8.3	2,100,662	2,200,933
Considered doubtful - unsecured	8.2	266,418	233,499
		2,367,080	2,434,432
Less: Provision for Expected credit losses		(266,418)	(233,499)
		2,100,662	2,200,933
8.1	It represents amount receivable from customers. It is unsecured but considered good by the management..		
8.2	This is a general provision created by the Company for any future doubtful trade debts.		
8.3	Amount receivable from related parties included in trade debts are as under:		
NetSol Technologies (Thailand) Limited		83,801	84,995
NetSol Technologies (Beijing) Company Limited		1,017,512	702,287
NetSol Australia Pty. Limited		46,264	36,363
NetSol Technologies North Americas		238,470	219,825
NetSol Technologies Europe Ltd		4,098	-
WRLD3D Inc		245,630	247,362
		1,635,776	1,290,832
9. SHARE CAPITAL			
9.1 Authorised share capital			
		Sep-20 Unaudited	Jun-20 Audited
		Number of shares	
		150,000,000	150,000,000
		Ordinary Shares of Rs. 10 each.	
		1,500,000	1,500,000
9.2 Issued, subscribed & paid-up capital			
		Sep-20 Unaudited	Jun-20 Audited
		Rupees in '000'	
		42,686,191	42,686,191
		Ordinary Shares of Rs. 10 each fully paid in cash	
		47,150,732	47,150,732
		Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	
		89,836,923	89,836,923
		898,369	898,369
		NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.12% (2020 : 66.12%) of issued capital of the Company.	
10. RESERVES			
Capital reserve			
Premium on issue of ordinary shares		304,167	304,167
Employee share option compensation reserve		213,384	206,555
Foreign currency translation reserve		(17,199)	(16,830)
Revenue reserve			
Un - appropriated profit		5,642,957	5,515,868
		6,143,309	6,009,760
11. Trade and other payables also include payable to related parties, detail of which is given below:			
11.1 Due to related party			
Associated			
NetSol Technologies Europe Ltd		6,897	11,561
		6,897	11,561
11.1.1	These relate to normal course of business of the Group and are interest free.		

12. CHANGE OF CLASSIFICATION OF SUBSIDIARY FROM DISCONTINUED OPERATION TO CONTINUED OPERATION:

Board of Directors through their board meeting held on December 3, 2019 made the decision to change the plan to discontinue the operations of its subsidiary NetSol Innovation (Pvt) Limited. The decision was made based on the fact that subsidiary holds profound business profile and has been in existence for more than 1 decade. Subsidiary's sound business profile and a length of established business history coupled with holding necessary IT related certifications may be used advantageously in undertaking various future projects by utilizing the platform of subsidiary company.

Accordingly classification of subsidiary company was changed from discontinued operations to continued operations w.e.f. December 3, 2019 and corresponding figures have also been restated to reflect this change.

13. CONTINGENCIES & COMMITMENTS**13.1 Contingencies**

13.1.1 Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages dated 26th January 2013 for malicious prosecution before the civil court, Lahore and has sought 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.

13.1.2 While disposing off a show cause notice issued by FBR under section 161 of the Income Tax Ordinance, 2001 for the tax year 2015, the assessing authority, in its judgement dated 26th July 2016 contended and considered the commission paid to a non-resident as fee for technical services and imposed a tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. On August 24, 2016, the company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. On November 6, 2019, the Competent authority disposed off the case against the company. The company has filed an appeal against the said decision u/s 31 to Income Tax Appellate Tribunal (ITAT) dated 31st December 2019. The company is confident that final outcome will be in its favor and accordingly no provision has been made in these financial statements in this respect.

13.2 Commitments

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

13.2.2 The Company has capital commitments of Rs. Nil under capital purchase agreements as at September 30, 2020. (2020: Nil)

	Jul-Sep 2020	Jul-Sep 2019 (Restated)
	Rupees in '000'	
14. REVENUE FROM CONTRACTS WITH CUSTOMERS		
DISAGGREGATION OF REVENUE:		
Export Revenue		
License	-	389,129
Services	625,379	535,772
Maintenance	489,931	389,658
	1,115,310	1,314,559
Local Revenue		
Maintenance	-	3,508
Sales tax	-	(484)
	-	3,024
	1,115,310	1,317,583

15. TAXATION

Income of the Group from export of computer software and its related services developed in Pakistan is exempt from tax up to June 30, 2025 provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels as per clause 133 of part 1 of the Second Schedule to the Income Tax Ordinance, 2001. However tax as per applicable rates is charged to the income of the Group generated from other than core business activities.

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

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

Fair value of financial assets and liabilities

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

17. EARNING/(LOSS) PER SHARE

	Jul-Sep 2020	Jul-Sep 2019 (Restated)
Basic		
	Rupees in '000'	
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	127,089	(201,396)
Weighted average number of ordinary shares in issue during the period	89,837	89,806
Basic - In Rupees	1.41	(2.24)
Diluted		
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	127,089	(201,396)
Weighted average number of ordinary shares in issue during the period	89,837	89,831
Diluted - In Rupees	1.41	(2.24)

18. TRANSACTION WITH RELATED PARTIES

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

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

		Jul-Sep 2020	Jul-Sep 2019
		Rupees in '000'	
	Relationship with the Company	Nature of transactions	
(i)	Associated undertaking	Rental Income	225
		Provision of services	358,838
		Purchase of services	6,600
(iii)	Key management personnel	Salaries and benefits	25,142
		Retirement benefits	1,443
		Commission paid	99,022
(iv)	Post employment benefit	Contribution to defined contribution plan	32,346
(v)	There are no transactions with any key management personnel other than under the terms of employment.		

19. SEGMENT REVENUES AND RESULTS

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

	Sep-20			Total
	NFS	IS & SSS	BPO	
	Rupees in '000'			
Revenue - net				
External sales				
License	-	-	-	-
Services	586,546	-	38,833	625,378
Maintenance	489,930	-	-	489,931
Total revenue	1,076,476	-	38,833	1,115,310
Cost of revenue	(630,180)	(287)	(36,567)	(667,034)
Segment results	446,297	(287)	2,267	448,276
Unallocated corporate expenses:				
Selling and promotion expenses				(130,031)
Administrative expenses				(178,513)
Other income				73,774
Other operating expenses				(33,678)
Finance cost				(15,819)
Loss of share from Associate				(12,928)
Taxation				(23,992)
Profit after taxation				127,089

	Sep-19			Total
	NFS	IS & SSS	BPO	
	(Restated)			
	Rupees in '000'			
Revenue - net				
External sales				
Licence	389,129	-	-	389,129
Services	494,297	-	41,476	535,773
Maintenance	389,657	3,024	-	392,681
Total revenue	1,273,083	3,024	41,476	1,317,583
Cost of revenue	(760,797)	(1,190)	(44,956)	(806,943)
Segment results	512,286	1,834	(3,480)	510,640
Unallocated corporate expenses:				
Selling and promotion expenses				(142,600)
Administrative expenses				(190,465)
Other income				49,186
Other operating expenses				(385,093)
Finance cost				(9,245)
Loss of share from Associate				(20,787)
Taxation				(24,642)
Loss after taxation				(213,005)

*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.

		Jul-Sep 2020	Jul-Sep 2019
20. CORRESPONDING FIGURES		Rupees in '000'	
Corresponding figures have been re-classified for better presentation, in respect of following:			
From	To		
Research and development cost-Administrative expenses	Research and development cost-Other Operating expenses"	5,990	95,872
Provision for doubtful debts-Administrative expenses	Provision for doubtful debts-Other Operating expenses	27,688	15,403
Reimbursable expenses-Export revenue	Services revenue-Export Revenue	25	72,667

21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 29, 2020 by the Board of Directors.

22. GENERAL

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

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