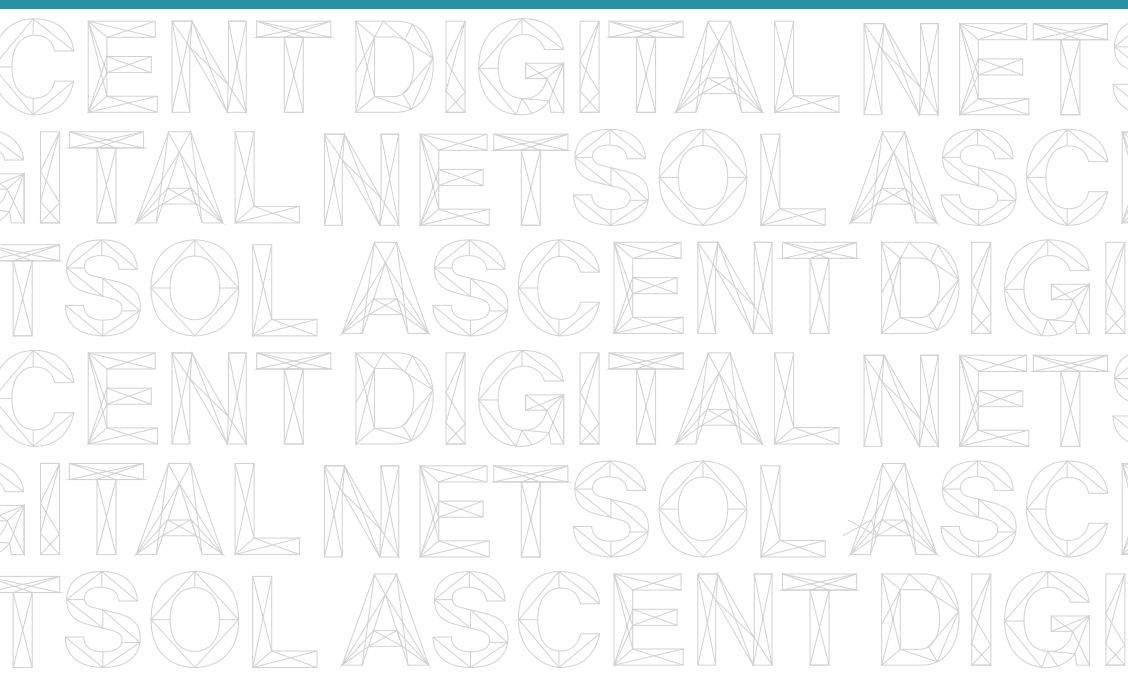


CONSOLIDATED FINANCIAL  
**STATEMENTS**

For The Nine Months Ended March 31, 2021



## Condensed Consolidated Interim statement Of Financial Position - Unaudited

As at March 31, 2021

	NOTE	Mar-21 Unaudited	Jun-20 Audited
Rupees in '000'			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	5	1,632,370	1,550,068
Intangible assets	6	700,769	920,897
		<b>2,333,139</b>	2,470,965
Long term Investment	7	180,403	209,764
Long term loans to employees		2,478	1,571
		<b>2,516,020</b>	2,682,300
<b>CURRENT ASSETS</b>			
Trade debts	8	3,002,448	2,200,933
Contract assets		742,557	1,652,633
Loans and advances		29,504	14,145
Trade deposits & short term prepayments		61,165	25,672
Other receivables		6,461	8,672
Due from related parties		553,665	373,619
Taxation - net		16,421	16,533
Cash & bank balances		2,794,137	2,115,872
		<b>7,206,358</b>	6,408,079
<b>TOTAL ASSETS</b>		<b>9,722,378</b>	9,090,379
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	9	1,500,000	1,500,000
Issued, subscribed and paid-up capital	9	898,369	898,369
Share deposit money		13	13
Reserves	10	6,100,133	6,009,760
		<b>6,998,515</b>	6,908,142
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	11	109,319	172,500
Lease liabilities		2,415	14,924
		<b>111,062</b>	187,425
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	322,486	194,276
Contract liabilities		474,859	311,541
Short term borrowings		1,580,000	1,380,000
Current portion of long term liabilities		230,131	103,106
Unclaimed dividend		5,325	5,890
		<b>2,612,801</b>	1,994,813
<b>CONTINGENCIES &amp; COMMITMENTS</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,722,378</b>	9,090,379

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**Condensed Consolidated Interim Statement of Profit or Loss - Unaudited**  
For The Nine Months Ended March 31, 2021

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

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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

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

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**Condensed Consolidated Interim Statement of Cash Flows - Unaudited**  
For The Nine Months Ended March 31, 2021

NOTE	Jul-Mar 2021	Jul-Mar 2020
	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation for the period	138,805	89,431
Adjustments for non cash charges and other items:		
Depreciation - own assets	155,959	130,433
Amortization of Right of use assets	14,867	21,647
Amortization of intangible assets	220,128	220,128
(Gain) on disposal of fixed assets	5,543	(57)
Amortization of deferred revenue	(2,014)	(2,014)
Foreign exchange (gain) / Loss	269,072	11,461
Interest expense	56,993	33,530
Interest income	(97,897)	(151,690)
Deferred employee compensation expense	14,752	21,983
Amortization of deferred grant	(13,907)	-
Provision for expected credit losses	63,614	74,406
Share of loss of Associate	27,488	46,533
	714,597	406,361
<b>Cash generated from operations before working capital changes</b>	853,402	495,792
<b>Working Capital Changes</b>		
Trade debts & Contract Assets/Liabilities	(60,806)	(475,813)
Loans and advances	(16,266)	17,627
Trade deposits & short term prepayments	(35,493)	(8,849)
Other receivables	2,211	(7,657)
Due from related parties	(180,046)	(240,576)
Trade and other payables	129,980	(55,575)
<b>Cash (used in) operations</b>	(160,420)	(770,843)
Interest paid	(58,762)	(29,497)
Income taxes paid	(61,200)	(101,503)
Dividend paid	(565)	(463,656)
<b>Net cash generated from / (used in) operations</b>	572,455	(869,707)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(259,242)	(93,391)
Sales proceeds of fixed asset	5,744	5,881
Advances against capital expenditure	(5,174)	22,854
Interest received	97,897	151,690
<b>Net cash (used in) / generated from investing activities</b>	(160,775)	87,030
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	-	1,140
Share premium	-	714
Paid against lease liabilities	(25,969)	(31,635)
Long term payable	85,571	
Deferred grant	8,020	-
Short term borrowing	200,000	327,000
Long term advances	(1,038)	930
<b>Net cash generated from financing activities</b>	266,584	298,149
<b>Net increase / (decrease) in cash and cash equivalents</b>	678,265	(484,528)
<b>Cash and cash equivalents at the beginning of the period</b>	2,115,872	2,053,102
<b>Cash and cash equivalents at the end of the period</b>	2,794,137	1,568,574

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

## Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Nine Months Ended March 31, 2021

	Attributable to equity holders of the Parent					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'									
<b>Balance as at June 30, 2019</b>	897,229	13	167,025	303,266	-	5,727,026	7,094,559	225,035	7,319,594
Net (Loss) for the period									
March 31, 2020	-	-	-	-	-	(58,522)	(58,522)	8,448	(50,074)
Other comprehensive (loss)	-	-	-	-	(22,588)	-	(22,588)	-	(22,588)
Total comprehensive (loss) / profit for the period					(22,588)	(58,522)	(81,110)	8,448	(72,662)
Shares deposit money against options exercised	-	1,872	-	-	-	-	1,872	-	1,872
Shares issued against options exercised (114,000 shares at Rs. 10 each) cash dividend	1,140	(1,872)	(168)	900	-	-	-	-	-
Lapse of 13,500 share options			(20)				(20)		(20)
Contribution of parent on account of employee share options			21,983				21,983		21,983
	1,140	-	21,795	900	(22,588)	(310,065)	(308,818)	(205,440)	(514,258)
<b>Balance as at March 31, 2020</b>	898,369	13	188,820	304,167	(22,588)	5,416,961	6,785,741	19,595	6,805,337
<b>Balance as at June 30, 2020</b>	898,369	13	206,555	304,167	(16,830)	5,515,868	6,908,142	-	6,908,142
Net Profit for the period	-	-	-	-	-	77,493	77,493	-	77,493
Other comprehensive (loss) for the period					(1,873)		(1,873)		(1,873)
Total comprehensive (loss) / profit for the period	-	-	-	-	(1,873)	77,493	75,620	-	75,620
Contribution of parent on account of employee share options			14,752	-			14,752		14,752
	-	-	14,752	-	(1,873)	77,493	90,372	-	90,372
<b>Balance as at March 31, 2021</b>	898,369	13	221,307	304,167	(18,703)	5,593,361	6,998,514	-	6,998,514

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

## Notes to the Condensed Consolidated Interim Financial Statements Unaudited

For The Nine Months Ended March 31, 2021

### 1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

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

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

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

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

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

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

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

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

### 3. ACCOUNTING POLICIES

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

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

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

## 4. USE OF ESTIMATES AND JUDGMENT

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

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

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

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

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

Effective July 01, 2020, Group has reassessed the remaining useful lives of all of its fixed assets and changed its method of depreciation from reducing balance method to straight line method of depreciation. Effect of change in this accounting estimate has been recognised prospectively as required by IAS 8, i-e change in accounting estimate is recognized in period of change and future periods. Due to change in this accounting estimate depreciation / amortization charge on property, plant & equipment is increased in current period by Rs. 22.43 Million for 9 months ended March 31, 2021. Effect of change in accounting estimate for future periods is not disclosed because estimating it is impracticable.

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



5.1.2 Following is the detail of deletions	Cost	Mar-21 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Vehicles	6,266	4,361	1,905	20,979	8,312	12,667
Office equipment	33	19	14	-	-	-
Computers	16,866	15,987	880	2,204	1,842	363
Air conditioners	-	-	-	1,926	1,343	582
Computer software	8,488	-	8,488	-	-	-
<b>Total</b>	<b>31,654</b>	<b>20,367</b>	<b>11,287</b>	<b>25,109</b>	<b>11,497</b>	<b>13,611</b>

5.2 RIGHT OF USE ASSETS						
Opening Balance - net book value					98,938	149,911
Additions					-	-
					98,938	149,911
Less:						
Disposals - net book value				5.2.1	(2,876)	(22,495)
Depreciation & amortization					(14,867)	(28,478)
					81,195	98,938

5.2.1 Following is the detail of deletions	Cost	Mar-21 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-20 Audited Accumulated Depreciation	Written down Value
Vehicles	5,553	2,677	2,876	39,068	16,573	22,495
<b>Total</b>	<b>5,553</b>	<b>2,677</b>	<b>2,876</b>	<b>39,068</b>	<b>16,573</b>	<b>22,495</b>

6. INTANGIBLE ASSETS						
					Mar-21 Unaudited	Jun-20 Audited
Rupees in '000'						
Opening Balance - net book value					920,897	1,214,401
Less:						
Amortization					(220,128)	(293,504)
					700,769	920,897
7. LONG TERM INVESTMENTS - at cost						
Investment in associate						
WRLD3D inc. (Unquoted company)				7.1	180,403	209,764
					180,403	209,764

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

	NOTE	Mar-21 Unaudited	Jun-20 Audited
		Rupees in '000'	
<b>8. TRADE DEBTS</b>			
Considered good - unsecured	8.3	3,002,448	2,200,933
Considered doubtful - unsecured	8.2	303,557	233,499
		3,306,005	2,434,432
Less: Provision for Expected credit losses		(303,557)	(233,499)
		3,002,448	2,200,933
<b>8.1</b>	It represents amount receivable from customers. It is unsecured but considered good by the management.		
<b>8.2</b>	This is a provision for expected credit losses created by the Company for any future doubtful trade debts.		
<b>8.3</b>	<b>Amount receivable from related parties included in trade debts are as under:</b>		
NetSol Technologies (Thailand) Limited		150,497	84,995
NetSol Technologies (Beijing) Company Limited		1,152,301	702,287
NetSol Australia Pty. Limited		78,569	36,363
Netsol Technologies North Americas		256,683	219,825
Ascent Europe Limited		44,820	-
WRLD3D Inc		226,980	247,362
		1,909,848	1,290,832
<b>9. SHARE CAPITAL</b>			
<b>9.1 Authorised share capital</b>			
		Mar-21	Jun-20
		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
<b>9.2 Issued, subscribed &amp; paid-up capital</b>			
		42,686,191	42,686,191
		Ordinary Shares of Rs. 10 each fully paid in cash	
		426,862	426,862
		47,150,732	47,150,732
		Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	
		471,507	471,507
		89,836,923	89,836,923
		898,369	898,369
	NetSol Technologies Inc. 23975, Park Sorrento, Suite 250, Calabasas CA 91302, is the parent company holding 66.12% (2020 : 66.12%) of issued capital of the Company.		
<b>10. RESERVES</b>			
<b>Capital reserve</b>			
Premium on issue of ordinary shares		304,167	304,167
Employee share option compensation reserve		221,307	206,555
Foreign currency translation reserve		(18,703)	(16,830)
<b>Revenue reserve</b>			
Un - appropriated profit		5,593,361	5,515,868
		6,100,133	6,009,760
<b>11 LONG TERM FINANCING</b>			
Long term Finance facility		297,512	211,941
Deferred grant		14,215	20,102
<b>Less: Current portion shown under current liabilities:</b>			
Current portion of Long term finance facility		(190,291)	(49,546)
Current portion of deferred grant		(12,117)	(9,996)
		(202,408)	(59,543)
		109,319	172,500

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

12.1 Due to related party

*Associated*

NetSol Technologies Europe Ltd

8,077

11,561

8,077

11,561

12.1.1 These relate to normal course of business of the Group and are interest free.

13. CONTINGENCIES & COMMITMENTS

13.1 Contingencies

13.1.1 Mr. Ahsan Zubair, ex-employee of the Company has filed a case for recovery of damages dated 26th January 2013 for malicious prosecution before the civil court, Lahore and has sought damages to the tune of PKR 500 million. The case was filed after the complaint filed by NETSOL pertaining to use of NetSol's IP without authority by a company formed by Mr. Ahsan Zubair and his partner who was also an ex-employee of the Company. Keeping in view the facts and circumstances of the case, including the nature of evidence of the plaintiff and the laws applicable, it can safely be inferred that, on merits, no case for damages is made out. This is also endorsed by the fact that case is barred by the laws relating to limitation. Moreover none of the ingredients forming basis for allowing a case of malicious prosecution are attracted. Therefore, on the facts of the case, there appears to be no chances of the case being allowed and there is no likelihood of this case having any adverse financial impact on the Company.

13.2 Commitments

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

13.2.2 The Company has capital commitments of Rs. 2.083M under capital purchase agreements as at March 31, 2021. (2020: Nil)

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

**15. TAXATION**

Income of the Group from export of computer software or IT services or IT enabled services is allowed a tax credit equal to 100% of tax payable up to June 30, 2025 provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels as per Section 65F to the Income Tax Ordinance, 2001. However tax as per applicable rates is charged to the income of the Group generated from other than core business activities.

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

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

**Fair value of financial assets and liabilities**

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

17. EARNING PER SHARE	Jan-Mr	Jan-Mar	Jul-Mar	Jul-Mar
	2021	2020	2021	2020
Basic	Rupees in '000'		Rupees in '000'	
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	(179,515)	201,506	77,493	(58,522)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,827
Basic - In Rupees	(2.00)	2.24	0.86	(0.65)
<b>Diluted</b>				
Profit / (Loss) attributable to ordinary shareholders of NetSol Technologies Limited	(179,515)	201,506	77,493	(58,522)
Weighted average number of ordinary shares in issue during the period	89,837	89,837	89,837	89,836
Diluted - In Rupees	(2.00)	2.24	0.86	(0.65)

**18. TRANSACTION WITH RELATED PARTIES**

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

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

Relationship with the Company	Nature of transactions	Jul-Mar	Jul-Mar
		2021	2020
		Rupees in '000'	
(i) Associated undertaking	Rental Income	675	675
	Provision of services	1,460,019	880,883
	Purchase of services	19,619	22,251
	Purchase of fixed assets	-	460
(ii) Parent	Dividend	-	116,417
(iii) Key management personnel	Salaries and benefits	114,373	136,052
	Retirement benefits	5,746	3,929
	Commission paid	177,098	132,809
(iv) Post employment benefit	Contribution to defined contribution plan	97,327	86,520
(v)	There are no transactions with any key management personnel other than under the terms of employment.		

**19. SEGMENT REVENUES AND RESULTS**

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

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

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

\*Key

NFS = NetSol Financial Suite & NFS Ascent

IS = Information Security and other services

BPO = Business Process Outsourcing

SSS = Software Services and Solutions

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected as provided under IFRS 8 'Operating Segments' (amended) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

**20. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on April 29, 2021 by the Board of Directors.

**21. GENERAL**

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



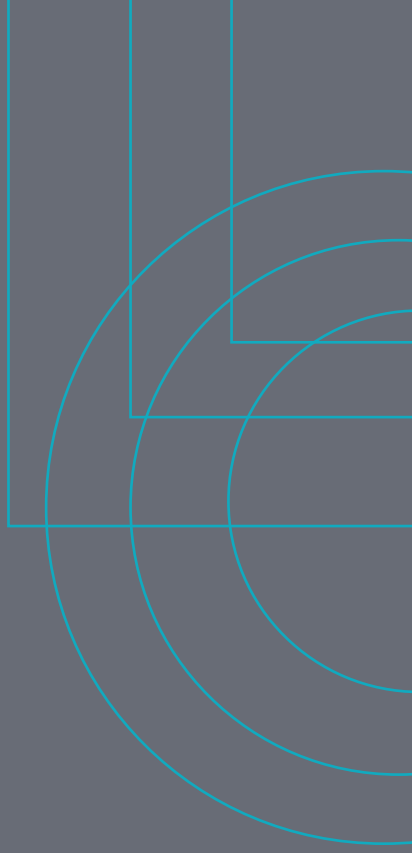
CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



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