

# **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			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
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
<b>CURRENT ASSETS</b>			
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
<b>TOTAL ASSETS</b>		<b>12,077,805,360</b>	<b>12,533,845,284</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
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
<b>NON-CURRENT LIABILITIES</b>			
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
<b>CURRENT LIABILITIES</b>			
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
<b>CONTINGENCIES &amp; COMMITMENTS</b>	15	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,077,805,360</b>	<b>12,533,845,284</b>

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)
<b>Gross profit</b>		<b>900,906,553</b>	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)
<b>Operating profit/(loss)</b>		<b>349,723,817</b>	(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)
<b>Profit before taxation</b>		<b>245,413,837</b>	190,100,631
Taxation	17	(32,694,779)	(41,241,048)
<b>Profit after taxation for the period attributable to equity holders of the parent</b>		<b>212,719,058</b>	148,859,583
<b>Earnings per share</b>			
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.

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## Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited

For the Quarter Ended September 30, 2023

	Jul-Sep 2023	Jul-Sep 2022
	Rupees	
<b>Profit after taxation for the period</b>	<b>212,719,058</b>	148,859,583
<b>Other comprehensive income</b>		
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	-
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>	<b>212,794,445</b>	148,859,583

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

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## Condensed Consolidated Interim Statement of Cash Flows - Unaudited

For the Quarter Ended September 30, 2023

	Jul-Sep 2023	Jul-Sep 2022
Rupees		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>Cash generated from operations before working capital changes</b>	<b>392,538,970</b>	<b>15,180,582</b>
<b>Working Capital Changes</b>		
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
<b>Cash generated from/(used in) operations</b>	<b>396,120,996</b>	<b>(683,178,263)</b>
Finance cost	(71,467,280)	(19,799,978)
Income taxes paid	(39,159,739)	(37,531,587)
Dividend paid	-	(85,236)
<b>Net cash generated from/(used in) operations</b>	<b>678,032,947</b>	<b>(725,414,482)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>Net cash generated from/(used in) investing activities</b>	<b>117,416,576</b>	<b>(83,798,129)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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
<b>Net cash (used in) financing activities</b>	<b>(8,604,422)</b>	<b>(75,561,997)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>786,845,101</b>	<b>(884,774,608)</b>
Net foreign exchange difference	75,208	-
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,633,066,097</b>	<b>3,794,132,251</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,419,986,406</b>	<b>2,909,357,643</b>

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## 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				Un-appropriated profit		
			Treasury share reserve	Employee share option compensation reserve	Share premium	Foreign currency translation reserve			
<b>R u p e e s</b>									
<b>Balance as at June 30, 2022</b>	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	
<b>Balance as at September 30, 2022</b>	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	
<b>Balance as at June 30, 2023</b>	898,369,232	12,500	(184,738,875)	254,358,445	304,166,629	925,332	7,619,596,884	<b>8,892,690,147</b>	
Net profit for the period	-	-	-	-	-	-	212,719,058	<b>212,719,058</b>	
Other comprehensive income for the period	-	-	-	-	-	75,387	-	<b>75,387</b>	
Total comprehensive income for the period	-	-	-	-	-	75,387	212,719,058	<b>212,794,445</b>	
Amortization of employee share options	-	-	-	3,362,334	-	-	-	<b>3,362,334</b>	
	-	-	-	3,362,334	-	75,387	212,719,058	<b>216,156,779</b>	
<b>Balance as at September 30, 2023</b>	<b>898,369,232</b>	<b>12,500</b>	<b>(184,738,875)</b>	<b>257,720,779</b>	<b>304,166,629</b>	<b>1,000,719</b>	<b>7,832,315,942</b>	<b>9,108,846,926</b>	

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

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## 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			
<b>5. PROPERTY, PLANT &amp; EQUIPMENT</b>			
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
<b>5.1 PROPERTY, PLANT &amp; EQUIPMENT</b>			
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			
<b>5.1.1 Following is the detail of addition / transfers:</b>			
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
<b>Total</b>		<b>14,260,265</b>	<b>411,870,240</b>

**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
<b>Total</b>	<b>190,000</b>	<b>137,222</b>	<b>52,778</b>	<b>646,737,270</b>	<b>558,150,386</b>	<b>88,586,884</b>

**5.2 RIGHT OF USE ASSETS**

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

**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
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,285,094</b>	<b>27,599,653</b>	<b>21,685,441</b>

**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
<b>7. TRADE DEBTS</b>			
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	<b>Amount receivable from related parties included in trade debts (from export sales) are as under:</b>		
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
<b>8. LOANS AND ADVANCES - Unsecured</b>			
Current maturity of loans to executives		3,573,258	6,569,366
<b>Advances</b>			
- 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.		
<b>9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposit		4,927,092	4,877,628
Prepayments		137,261,167	123,842,802
		142,188,259	128,720,430
<b>10. DUE FROM RELATED PARTIES</b>			
Considered good - unsecured			
<b>Parent</b>			
NetSol Technologies Limited Inc.		160,034,122	150,793,593
<b>Associates:</b>			
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
<b>11.2 Issued, subscribed &amp; paid-up capital</b>					
	42,686,191	42,686,191	Ordinary Shares of Rs. 10 each fully paid in cash	426,861,910	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
	<b>89,836,923</b>	<b>89,836,923</b>		<b>898,369,232</b>	<b>898,369,232</b>

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**

<b>Capital reserve</b>					
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)
<b>Revenue reserve</b>					
Un - appropriated profit				7,832,315,942	7,619,596,884
				<b>8,210,465,194</b>	<b>7,994,308,415</b>

**13. LONG TERM FINANCING - SECURED**

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

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		
<b>16. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
<b>DISAGGREGATION OF REVENUE:</b>		
<b>Export Revenue</b>		
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
<b>Local Revenue</b>		
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
<b>16.1 Timing of revenue recognition:</b>		
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**

<b>Basic</b>		
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
<b>Diluted</b>		
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)
<b>Profit after taxation</b>				<b>212,719,058</b>

	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)
<b>Profit after taxation</b>				<b>148,859,583</b>

\*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®

# NETSOL

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