

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended December 31, 2023



Condensed Consolidated Interim Statement of Financial Position - Unaudited

As at December 31, 2023

	NOTE	Dec-23 Unaudited	Jun-23 Audited
Rupees			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	1,378,732,286	1,521,471,840
Intangible assets	6	-	40,385,947
		1,378,732,286	1,561,857,787
Long term loans to employees		1,127,425	4,391,690
		1,379,859,711	1,566,249,477
CURRENT ASSETS			
Trade debts	7	4,439,949,588	5,662,695,808
Contract assets		2,557,003,382	1,979,309,913
Loans and advances	8	84,284,874	64,849,265
Trade deposits & short term prepayments	9	139,304,132	128,720,430
Other receivables		16,904,400	26,110,091
Due from related parties	10	575,094,637	466,456,679
Taxation - net		22,869,482	6,387,524
Cash & bank balances		3,021,737,686	2,633,066,097
		10,857,148,181	10,967,595,807
TOTAL ASSETS		12,237,007,892	12,533,845,284
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs.10/- each	11	2,000,000,000	2,000,000,000
Issued, subscribed and paid-up capital	11	898,369,232	898,369,232
Share deposit money		12,500	12,500
Reserves	12	8,709,884,457	7,994,308,415
		9,608,266,189	8,892,690,147
NON-CURRENT LIABILITIES			
Long term financing	13	27,834,758	49,626,618
Lease liabilities		-	970,557
Long term advances		285,000	16,675,000
		28,119,758	67,272,175
CURRENT LIABILITIES			
Trade and other payables	14	850,265,040	819,451,107
Contract liabilities		99,033,076	1,124,653,984
Short term borrowings		1,580,000,000	1,580,000,000
Current portion of long term liabilities		67,469,998	45,924,040
Unclaimed dividend		3,853,831	3,853,831
		2,600,621,945	3,573,882,962
CONTINGENCIES & COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		12,237,007,892	12,533,845,284

The annexed notes from 1 to 25 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 Half Year Ended December 31, 2023

	NOTE	Oct-Dec 2023	Oct-Dec 2022	Jul-Dec 2023	Jul-Dec 2022
		Rupees		Rupees	
Revenue from contracts with customers - net	16	2,567,030,649	1,712,632,147	4,890,612,176	3,466,087,665
Cost of revenue		(1,354,339,918)	(1,387,532,478)	(2,777,014,893)	(2,673,296,266)
Gross profit		1,212,690,731	325,099,669	2,113,597,283	792,791,399
Selling and promotion expenses		(194,609,366)	(190,890,002)	(391,902,434)	(376,900,266)
Administrative expenses		(361,768,049)	(339,063,522)	(715,657,717)	(687,819,484)
		(556,377,415)	(529,953,524)	(1,107,560,151)	(1,064,719,750)
Operating profit/(loss)		656,313,316	(204,853,855)	1,006,037,132	(271,928,351)
Other income		109,907,091	196,038,457	241,756,154	585,882,083
		766,220,407	(8,815,398)	1,247,793,286	313,953,732
Other operating expenses		(124,168,346)	(111,923,132)	(280,922,718)	(218,307,975)
Finance cost		(79,715,414)	(45,021,224)	(159,120,088)	(71,294,144)
Profit/(loss) before taxation		562,336,647	(165,759,754)	807,750,480	24,351,613
Taxation	17	(65,810,485)	(47,110,700)	(98,505,264)	(88,351,748)
Profit/(loss) after taxation for the period attributable to equity holders of the parent		496,526,162	(212,870,454)	709,245,216	(64,000,135)
Earnings/(loss) per share					
Basic - In Rupees	18	5.65	(2.42)	8.07	(0.73)
Diluted - In Rupees	18	5.62	(2.41)	8.04	(0.72)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited

For the Half Year Ended December 31, 2023

	Oct-Dec 2023	Oct-Dec 2022	Jul-Dec 2023	Jul-Dec 2022
	Rupees		Rupees	
Profit/(loss) after taxation for the period	496,526,162	(212,870,454)	709,245,216	(64,000,135)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:	-	-	-	-
Items that may be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operations	(408,317)	-	(332,930)	-
Total comprehensive income/(loss) for the period attributable to equity holders of the parent	496,117,845	(212,870,454)	708,912,286	(64,000,135)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Condensed Consolidated Interim Statement of Cash Flows - Unaudited

For the Half Year Ended December 31, 2023

	Jul-Dec 2023	Jul-Dec 2022
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	807,750,480	24,351,613
Adjustments for non cash charges and other items:		
Depreciation - own assets	183,528,070	193,831,800
Amortization of right of use assets	1,336,625	1,336,624
Amortization of intangible assets	40,385,948	146,751,870
(Gain) on disposal of fixed assets	(5,278)	(6,318,327)
Foreign exchange loss/(gain)	46,283,043	(423,852,671)
Finance cost	156,870,546	69,636,713
Interest income	(241,300,876)	(155,261,085)
Employee compensation expense	6,663,756	14,862,492
Amortization of deferred grant	-	(712,512)
Provision for expected credit losses	48,918,565	33,351,620
	242,680,399	(126,373,476)
Cash generated from/(used in) operations before working capital changes	1,050,430,879	(102,021,863)
Working Capital Changes		
Trade debts	1,135,789,410	17,997,125
Contract assets	(585,938,266)	(489,134,953)
Contract liabilities	(1,025,620,908)	(243,574,528)
Loans and advances	(16,171,344)	(45,796,738)
Trade deposits & short term prepayments	(10,583,702)	(104,825,115)
Other receivables	9,205,691	(10,647,449)
Due from related parties	(108,637,958)	47,502,825
Trade and other payables	24,857,222	161,876,107
Cash (used in) operations	(577,099,855)	(666,602,726)
Finance cost	(150,913,835)	(47,162,466)
Income taxes paid	(114,987,222)	(90,734,714)
Dividend paid	-	(85,236)
Net cash generated from/(used in) operations	207,429,967	(906,607,005)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(39,095,563)	(269,805,626)
Sales proceeds of fixed asset	58,056	37,450,007
Advances against capital expenditure	(3,081,582)	(10,372,000)
Interest received	241,300,876	155,261,085
Net cash generated from/(used in) investing activities	199,181,787	(87,466,534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paid against lease liabilities	(1,899,878)	(1,642,140)
Long term loan	(20,341,581)	(108,480,598)
Long term advances	4,635,000	4,350,000
Net cash (used in) financing activities	(17,606,459)	(105,772,738)
Net increase/(decrease) in cash and cash equivalents	389,005,295	(1,099,846,277)
<i>Net foreign exchange difference</i>	(333,706)	-
Cash and cash equivalents at the beginning of the period	2,633,066,097	3,794,132,251
Cash and cash equivalents at the end of the period	3,021,737,686	2,694,285,974

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For the Half Year Ended December 31, 2023

	Attributable to equity holders of the Parent							Total
	Issued, subscribed and paid-up capital	Share deposit money	Capital Reserve				Revenue Reserve	
			Treasury share reserve	Employee share option compensation reserve	Share premium	Foreign currency translation reserve	Un-appropriated profit	
R u p e e s								
Balance as at June 30, 2022	898,369,232	12,500	(184,738,875)	232,880,926	304,166,629	(33,686,884)	6,581,144,009	7,798,147,537
Net loss for the period	-	-	-	-	-	-	(64,000,135)	(64,000,135)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(64,000,135)	(64,000,135)
Amortization of employee share options	-	-	-	14,862,492	-	-	-	14,862,492
	-	-	-	14,862,492	-	-	(64,000,135)	(49,137,643)
Balance as at December 31, 2022	898,369,232	12,500	(184,738,875)	247,743,418	304,166,629	(33,686,884)	6,517,143,874	7,749,009,894
Balance as at June 30, 2023	898,369,232	12,500	(184,738,875)	254,358,445	304,166,629	925,332	7,619,596,884	8,892,690,147
Net profit for the period	-	-	-	-	-	-	709,245,216	709,245,216
Other comprehensive loss for the period	-	-	-	-	-	(332,930)	-	(332,930)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(332,930)	709,245,216	708,912,286
Amortization of employee share options	-	-	-	6,663,756	-	-	-	6,663,756
	-	-	-	6,663,756	-	(332,930)	709,245,216	715,576,042
Balance as at December 31, 2023	898,369,232	12,500	(184,738,875)	261,022,201	304,166,629	592,402	8,328,842,100	9,608,266,189

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Notes to the Condensed Consolidated Interim Financial Statements - Unaudited

For the Half Year Ended December 31, 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, Pakistan	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 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 (un-audited) are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 (the "Act") and 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. MATERIAL ACCOUNTING POLICY INFORMATION

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	Dec-23 Unaudited	Jun-23 Audited
Rupees			
5. PROPERTY, PLANT & EQUIPMENT			
Net book value of owned assets	5.1	1,368,607,026	1,513,091,537
Net book value of right of use assets	5.2	7,043,678	8,380,303
Advances against capital expenditure		3,081,582	-
		1,378,732,286	1,521,471,840
5.1 PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		1,513,091,537	1,583,169,072
Additions	5.1.1	39,095,563	411,870,240
		1,552,187,100	1,995,039,312
Less:			
Disposals - net book value	5.1.2	(52,778)	(88,586,884)
Depreciation & amortization		(183,527,296)	(393,360,891)
		1,368,607,026	1,513,091,537

	NOTE	Dec-23 Unaudited	Jun-23 Audited
Rupees			
5.1.1	Following is the detail of addition / transfers:		
	Furniture & fixture	279,905	3,588,100
	Vehicles	22,778,962	110,433,902
	Office equipment	1,658,400	13,823,440
	Computer equipment and installations	14,102,296	147,166,498
	Air conditioners	276,000	3,283,900
	Generator	-	3,288,840
	Computer software	-	130,285,560
	Total	39,095,563	411,870,240

5.1.2 Following is the detail of disposals :

	Dec-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 equipment and installations	190,000	137,222	52,778	544,596,197	513,634,254	30,961,943
Air conditioners	-	-	-	199,000	192,416	6,584
Total	190,000	137,222	52,778	646,737,270	558,150,386	88,586,884

5.2 RIGHT OF USE ASSETS

Opening Balance - net book value		8,380,303	32,738,993
Additions		-	-
		8,380,303	32,738,993
Less:			
Disposals - net book value	5.2.1	-	(21,685,441)
Depreciation & amortization		(1,336,625)	(2,673,249)
		7,043,678	8,380,303

5.2.1 Following is the detail of disposals:

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

6. INTANGIBLE ASSETS

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

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

	NOTE	Dec-23 Unaudited	Jun-23 Audited
		Rupees	
7. TRADE DEBTS			
Considered good - unsecured	7.1	4,439,949,588	5,662,695,808
Considered doubtful - unsecured		396,943,801	356,270,033
		4,836,893,389	6,018,965,841
Less: Allowance for expected credit losses	7.2	(396,943,801)	(356,270,033)
		4,439,949,588	5,662,695,808
7.1	It represents amount receivable from customers. It is unsecured but considered good by the management.		
7.2	This is an allowance for expected credit losses created by the company for any future doubtful trade debts.		
7.3	Amount receivable from related parties included in trade debts (from export sales) are as under:		
NetSol Technologies (Thailand) Limited		145,749,903	277,821,116
NetSol Technologies (Beijing) Company Limited		2,338,566,026	1,925,047,916
NetSol Technologies Australia Pty. Limited		739,065,919	724,626,625
NetSol Technologies Americas Inc.		474,532,447	403,160,531
NetSol Technologies Europe Ltd		40,936,352	37,993,101
Ascent Europe Limited		299,502,183	120,893,334
OTOZ Thailand Ltd		76,069,251	75,788,552
Tianjin NuoJinZhiCheng Co., Ltd		16,624,881	-
		4,131,046,962	3,565,331,175
8. LOANS AND ADVANCES - Unsecured			
Current maturity of loans to executives		4,128,992	6,569,366
Advances			
- to employees		3,503,587	-
- against expenses	8.1	76,652,295	58,279,899
		84,284,874	64,849,265
8.1	Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.		
9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposit		3,958,272	4,877,628
Prepayments		135,345,860	123,842,802
		139,304,132	128,720,430
10. DUE FROM RELATED PARTIES			
Considered good - unsecured			
Parent			
NetSol Technologies Limited Inc.		171,842,964	150,793,593
Associates:			
NetSol Connect (Pvt.) Ltd.		13,514,187	15,744,976
OTOZ Thailand Ltd		41,932,843	41,778,109
NetSol Technologies (Beijing) Ltd		230,628,962	166,958,203
NetSol Technologies Americas Inc.		117,175,681	91,181,798
		575,094,637	466,456,679
10.1	These relate to normal business of the group and are interest free.		

11. SHARE CAPITAL
11.1 Authorized share capital

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

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

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

12. RESERVES

Capital reserve		
Premium on issue of ordinary shares	304,166,629	304,166,629
Employee share option compensation reserve	261,022,201	254,358,445
Foreign currency translation reserve	592,402	925,332
Treasury share reserve	(184,738,875)	(184,738,875)
Revenue reserve		
Un - appropriated profit	8,328,842,100	7,619,596,884
	8,709,884,457	7,994,308,415
14. Trade and other payables includes Nil (2023: Rs. NIL) payable to related parties. This relates to normal course of the business and is interest free.		
13. LONG TERM FINANCING - SECURED		
Loan liability	71,853,193	92,194,774
Less: Current portion shown under current liabilities:		
Current portion of loan liability	(44,018,435)	(42,568,156)
	27,834,758	49,626,618

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. 60.93 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 Rs 1.32M (2023: NIL) under capital purchase agreements as at Dec 31, 2023.

	Oct-Dec 2023	Oct-Dec 2022	Jul-Dec 2023	Jul-Dec 2022
	Rupees		Rupees	
16. REVENUE FROM CONTRACTS WITH CUSTOMERS				
DISAGGREGATION OF REVENUE:				
Export Revenue				
License	372,421,585	-	551,920,875	-
Services	1,037,458,217	738,623,838	2,009,068,932	1,598,107,545
Subscription and Support	1,143,332,638	936,616,489	2,279,412,058	1,722,145,637
	2,553,212,440	1,675,240,327	4,840,401,865	3,320,253,182
Local Revenue				
License	-	-	-	42,653,553
Services	6,108,524	38,139,656	32,234,273	106,097,620
Subscription and Support	8,587,905	-	20,261,822	-
	14,696,429	38,139,656	52,496,095	148,751,173
Sales tax	(878,220)	(747,836)	(2,285,784)	(2,916,690)
	2,567,030,649	1,712,632,147	4,890,612,176	3,466,087,665
16.1 Timing of revenue recognition:				
At a point in time	372,421,585	-	551,920,875	42,653,553
Over the time	2,194,609,064	1,712,632,147	4,338,691,301	3,423,434,112
	2,567,030,649	1,712,632,147	4,890,612,176	3,466,087,665

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/LOSS PER SHARE**Basic**

Profit/loss attributable to ordinary shareholders of NetSol Technologies Limited	496,526,162	(212,870,454)	709,245,216	(64,000,135)
Weighted average number of ordinary shares in issue during the period	87,836,923	87,836,923	87,836,923	87,836,923
Basic - In Rupees	5.65	(2.42)	8.07	(0.73)

Diluted

Profit/loss attributable to ordinary shareholders of NetSol Technologies Limited	496,526,162	(212,870,454)	709,245,216	(64,000,135)
Weighted average number of ordinary shares in issue during the period	88,326,913	88,426,794	88,180,803	88,341,365
Diluted - In Rupees	5.62	(2.41)	8.04	(0.72)

19. CAPITAL MANAGEMENT

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholders value.

There has been no change in the capital management policies during the period, consequently this condensed consolidated interim financial information does not include all information and disclosures as required in the annual financial statements.

20. 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, liquidity risk and other price 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.

21. TRANSACTION WITH RELATED PARTIES

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

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

		Jul-Dec 2023	Jul-Dec 2022
		Rupees	
Relationship with the Company	Nature of transactions		
(i) Associated undertaking	Rental Income	450,000	450,000
	Provision of services	1,540,879,612	927,122,000
	Purchase of services	23,819,090	22,385,127
(ii) Key management personnel	Salaries and benefits	174,548,821	164,732,000
	Retirement benefits	6,985,109	7,016,000
	Commission paid	8,146,103	8,710,000
(iii) Post employment benefit	Contribution to defined contribution plan	93,033,222	93,136,000

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

22. SEGMENT REVENUES AND RESULTS

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

	Dec-23			
	PBS	PS	BPO	Total
Rupees				
Revenue - net				
External sales				
License	551,920,875	-	-	551,920,875
Services	1,840,432,764	156,762,998	42,218,945	2,039,414,707
Subscription and Support	2,299,276,594	-	-	2,299,276,594
Total revenue	4,691,630,233	156,762,998	42,218,945	4,890,612,176
Cost of revenue	(2,590,863,460)	(155,980,678)	(30,170,755)	(2,777,014,893)
Segment results	2,100,766,773	782,320	12,048,190	2,113,597,283
Unallocated corporate expenses:				
Selling and promotion expenses				(391,902,434)
Administrative expenses				(715,657,717)
Other income				241,756,154
Other operating expenses				(280,922,718)
Finance cost				(159,120,088)
Taxation				(98,505,264)
Profit after taxation				709,245,216

	Dec-22			
	PBS	PS	BPO	Total
	Rupees			
Revenue - net				
External sales				
Licence	41,817,209	-	-	41,817,209
Services	1,576,108,421	67,468,232	58,548,166	1,702,124,819
Subscription and Support	1,722,145,637	-	-	1,722,145,637
Total revenue	3,340,071,267	67,468,232	58,548,166	3,466,087,665
Cost of revenue	(2,532,731,212)	(100,102,510)	(40,462,544)	(2,673,296,266)
Segment results	807,340,055	(32,634,278)	18,085,622	792,791,399
Unallocated corporate expenses:				
Selling and promotion expenses				(376,900,266)
Administrative expenses				(687,819,484)
Other income				585,882,083
Other operating expenses				(218,307,975)
Finance cost				(71,294,144)
Taxation				(88,351,748)
Loss after taxation				(64,000,135)

*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.

23. CORRESPONDING FIGURES

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

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 12, 2024 by the Board of Directors.

25. 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

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