ANNUAL REPORT

NetSol Technologies Limited

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BOARD OF DIRECTORS

SHAHAB-UD-DIN GHAURI
Chairman/Non-Executive Director

SALIM ULLAH GHAURI
Chief Executive Officer

VASEEM ANVAR
Independent Director

SHAHID JAVED BURKI
Independent Director

ANWAAR HUSSAIN
Independent Director

NAJEEB ULLAH GHAURI
Non-Executive Director

OMAR SHAHAB GHAURI
Executive Director

AUDIT COMMITTEE

VASEEM ANVAR
Chairman

ANWAAR HUSSAIN
Member

NAJEEB ULLAH GHAURI
Member

COMPANY SECRETARY

BOO-ALI SIDDIQUI

CHIEF INTERNAL AUDITOR

MUHAMMAD ABDUL WAHAB HAFEEZ

AUDITORS

KABANI & CO.
Chartered Accountants
SKP House
321-Upper Mall, Lahore

LEGAL ADVISOR

CORPORATE LAW ASSOCIATES
1st Floor Queen's Centre
Shahra-e-Fatima Jinnah
Lahore

BANKERS

Askari Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Summit Bank Limited

SHARE REGISTRAR

VISION CONSULTING LIMITED
3-C, LDA Flats,
Lawrence Road, Lahore.
Tel:+92-42-36283096-97
Fax:+92-42-36312550

CONTACT DETAILS

REGISTERED OFFICE
NetSol IT Village
(Software Technology Park)
Lahore Ring Road,
Ghazi Road Interchange,
Lahore Cantt. 54792, Pakistan
Tel: +92-42-111-44-88-00,
+92-42-35727096-7
Fax: +92-42-35701046, 35726740

RAWALPINDI OFFICE
House No. 04, Safari Villas,
Bahria Town, Rawalpindi
Tel: +92-51-5707011
Fax: +92-51-5595376

KARACHI OFFICE
Building No. 26 – C,
Main Khayaban-e-Jami
Phase – 7 Extension, Defence,
Karachi
Tel: +92-21-35319401-20

WEB PRESENCE

www.netsolpk.com
info@netsolpk.com

Vision & Mission Statement

Vision Statement

To become the leading and world class provider of IT solutions and services in each market of operations, by leveraging our global positioning and creating strong growth potential, resulting in increasing shareholders' value and providing great environment for our employees.

Vision Phrase	Explanation
The leading and world class provider	We will continue to invest in highest quality human resource, certifications, processes, infrastructure and product development.
In each market	We will focus individually on each market, while growing globally.
By leveraging our global positioning	We will fully use our global solutions, customer base, presence and knowledge.
Creating strong growth potential	We will invest in capacity building, research and development and emerging technology markets.
Increasing shareholders' value	We aim to provide above average and superior returns to our shareholders.
Great environment for our employees	A caring environment that fosters growth and development, learning, openness, opportunities and creativity.

Mission Statement

To be the premium solutions vendor to the global leasing and finance businesses. We will leverage our market leading position in APAC, and our European and US presence, to continue to drive strong revenues from our current generation of leasing and financing solutions, and successfully grow our next generation platform. We will leverage our world class software development capabilities to develop new IP in business segments where we can add value. We will excite, motivate, train and reward our employees to be the best in their domain. We will tirelessly explore ways to improve the breadth and depth of our offerings, both organically and through M&A. We ultimately aim to enhance shareholder value, incrementally and exponentially, by growing existing streams as well as building new streams through R&D, partnerships, acquisitions and spin-offs.

Quality Focus

Our commitment is to continually improve the effectiveness of our quality management system through;

- Monitoring and enhancing customer satisfaction
- Reviewing and enhancing quality objectives
- Regular assessments against international standards
- Developing and maintaining a skilled & motivated resource base
- Effective implementation of software measurement programs

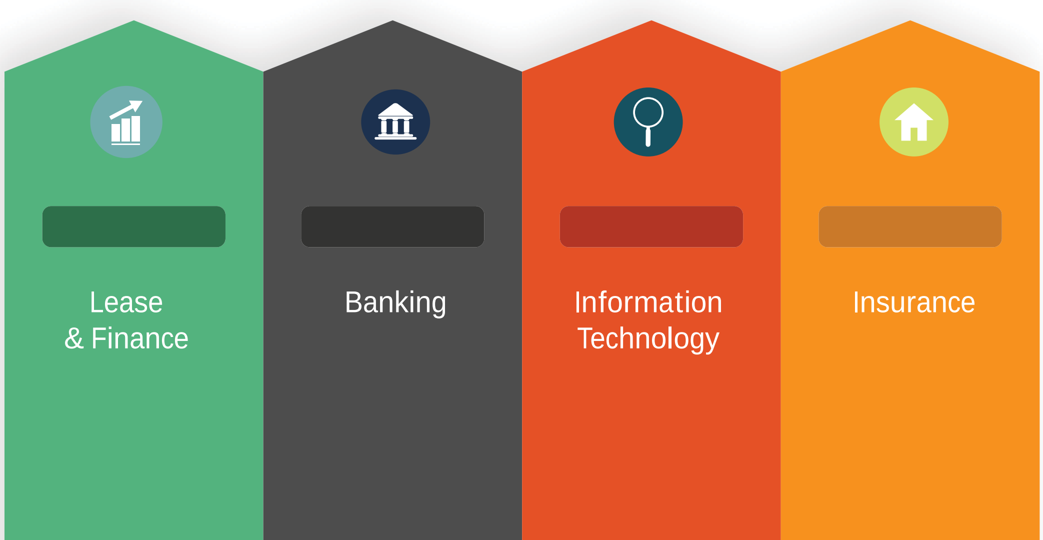
Our focus in quality engineering and process improvement has been definitive in ensuring the excellence of operations and customer satisfaction.

We are continuously investing in software processes improvement and ISO authorized trainings for our teams. Our vigor, experience and experimentation in the quality domain since our inception puts us in an ideal position to assist other companies in areas like Software Process Improvement, ISO Certification and other quality related matters.

Services Portfolio

Services we offer

Industries we serve



Global Customer

CHINA

- Mercedes Benz Auto Finance
- Mercedes Benz Leasing
- Toyota Motor Finance
- Volvo Automotive Finance
- BMW Automotive Finance
- Mercedes Benz Financial Services Taiwan
- Minsheng Financial Leasing
- GAC-Sofinaco
- Great wall Motors
- Fiat Automotive Finance Co., Ltd
- Fortune Auto Finance Co.,Ltd
- China ZhengTong Auto Services Holdings Limited
- BYD Company Limited
- Volvo Financial Leasing Company
- TAC Finance Leasing Co., LTD
- Yulon Motor Finance Company

THAILAND

- Mercedes Benz Leasing
- Toyota Leasing Company
- Nissan Leasing

AUSTRALIA

- Mercedes Benz Financial Services
- CNH Capital
- Nissan Motor Company
- Innovation Group Pty. Limited
- Pepper Group

SOUTH AFRICA

- Mercedes-Benz Financial Services South Africa (Pty) Limited.

HONG KONG

- Mercedes Benz Finance

JAPAN

- Mercedes Benz Finance Company

MALAYSIA

- Mercedes Benz Financial Services

INDONESIA

- PT OTO Multiartha
- PT Summit OTO Finance

SINGAPORE

- Mercedes Benz Financial Services

KOREA

- Mercedes Benz Financial Services

US

- Innovation Group Plc

UK

- Innovation Group Plc

PAKISTAN

- State Bank of Pakistan
- Excise & Taxation Department, Government of Sind

From the Chairman's Desk

I am very pleased to state that this has been another great year for NetSol, and there are a number of things that I can mention that are part of the company's continued progress as the leading software exporter of Pakistan. To start with, it is of great satisfaction to us that Ascent, our next generation product, has continued to receive great interest and a positive response from our markets. It has already started contributing to our business, and it was a proud moment when we secured a large contract with one of our key customer for implementation of Ascent across twelve countries over the next few years. It pleases me no end to see the successful execution of our strategy to invest in product development.

We are already seeing strong financial impact of the growing business activity, and this year our revenues have grown by 19%. However, strong growth prospects is not the only reason we have had to celebrate, as NetSol continues to invest in other strategic and organizational initiatives that should further cement our leadership position in this fast developing industry, both domestically and globally, Inshaa Allah.

This year we launched our business incubation program, Nspire. We have very high hopes from this program to attract innovative and promising business ideas and startups to NetSol, thereby ensuring that the company continues to remain innovative and growth focused, even beyond securing a leadership position in the global leasing and finance solutions industry.

I am also satisfied with the performance of our Mobility business to offer mobility based solutions to our customers. We have recently focused in this area and have seen excellent response from customers who are keen to get more out of their engagement with us.

We continue to make strategic alignment with local initiatives that engage in improving the local research and policy environment. This year we entered into a strategic partnership with the Burki Institute of Public Policy which undertakes economic, political and technological research and policy advocacy. This should put NetSol in a strong thought leadership position where it can contribute positively to the general business environment.

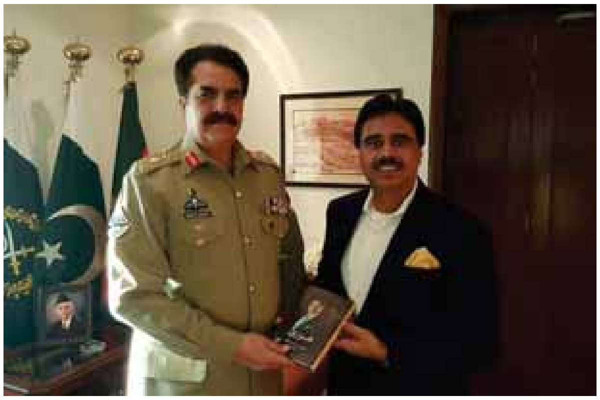
I am grateful to our shareholders for their trust and confidence in our ability to lead NetSol to even greater success, Inshaa Allah.

Shahab Ghauri
Chairman

Lahore
September 08, 2016

"We are already seeing strong financial impact of the growing business activity, and this year our revenues have grown by 19%. However, strong growth prospects is not the only reason we have had to celebrate, as NetSol continues to invest in other strategic and organizational initiatives that should further cement our leadership position in this fast developing industry, both domestically and globally, Inshaa Allah."

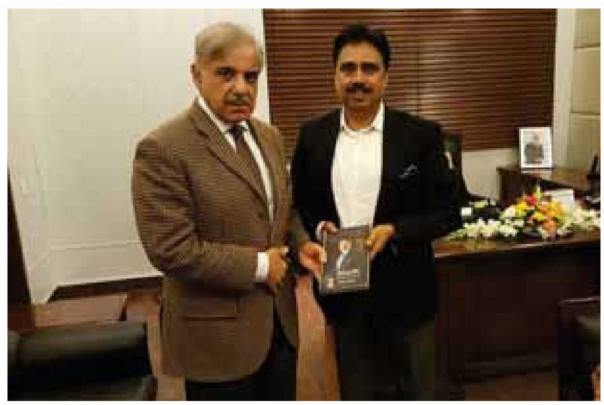
Netsol Events



Salim Ghauri presenting his book to Gen Raheel Sharif

Senior management meeting Horsham, UK

With Sydney office team



Presenting first copy of English version of Ghauri..From nothing to everything..to Chief Minister Punjab Mian Shahbaz Sharif

Beijing Automotive Group Finance Company Limited
Mr. Zhou Wei & Li Rongrong

John Anthony Tucknott MBE British Deputy High Commissioner, Karachi
and UK Trade and Investment Director for Pakistan

MG Lt Gen Javed Mehmood visit NetSol

Mr. Samsu Rizal
Ambassador of Indonesia Visit NetSol

Mr. Thomas Drew British High commissioner

Ms. Margaret Thompson Australian High Commissioner

Netsol Events

NetSol team ready for action in Beijing

NetSol sales team in action in Bangkok

Visit to Footlib factory with Australian High Commissioner to inaugurate Women Line. Great to see women being empowered to manage their lives, less dependence on their partners.

NetSol female Table tennis team certificate distributionz

DongFeng Nissan Auto Finance Co Ltd., with Mr. Zhou Yong & Chen Fengguo

NetSol's 20 Years Anniversary Thanksgiving Event!

China Team

NetSol Premier League (NPL) winners 2016

First Women NPL winners 2016

End of three days of Throwathon sponsored by NetSol

Shareholders' Information

Registered Office

NetSol IT Village (Software Technologies Park) Lahore Ring Road, Ghazi Road Interchange Lahore Cantt.
54792, Pakistan
Tel: +92-42-111-44-88-00, 35727096-7
Fax: +92-42-35726740, 35701046

Listing on Stock Exchange

Equity shares of NetSol Technologies Limited are listed & traded on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited).

Listing Fees

Annual listing fee for the financial year 2015-16 has been paid to all the Stock Exchange.

Stock Code

The stock code for dealing in equity shares of the company at Pakistan Stock Exchange Limited is "NETSOL"

Shares Registrar

3-C, LDA Flats, Lawrence Road, Lahore
Tel: +92-42-36283096,36283097
Fax: +92-42-36312550

The Share Registrar has online connectivity with Central Depository Company of Pakistan Limited (CDC). It undertakes all activities related to share transfers, transmission, issuance of duplicate/re-validated dividend warrants, issuance of duplicate/replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact the following designated person of the Registrar:

Contact Person

Mr. Abdul Ghaffar Ghaffari
Manager Shares

Service Standards

We have always endeavored to provide our valued investors with prompt services. Listed below are various services with their maximum time limit set out against each for their execution.

Sr.No.	Activities	For Request Received through post	Over the Counter
1	Transfer of Shares	30 days after receipt	30 days after receipt
2	Transmission of Shares	30 days after receipt	30 days after receipt
3	Issuance of duplicate share certificates	30 days after receipt	30 days after receipt
4	Issuance of duplicate dividend Warrants	5 days after receipt	5 days after receipt
5	Issuance of re-validated dividend warrants	5 days after receipt	5 days after receipt
6	Change of Address	2 days after receipt	15 minutes

Share Price/Volume

Monthly high, low prices and monthly turnover of NetSol shares traded on the Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited) during the financial year 2016 are as under:

Month	Share price on the PSX (Rs.)		Monthly Turnover
	Highest	Lowest	
Jul-15	63.90	46.30	17,625,000
Aug-15	62.00	48.90	10,669,500
Sep-15	56.89	44.60	2,398,500
Oct-15	56.50	47.00	7,157,000
Nov-15	50.99	44.65	3,852,500
Dec-15	68.00	42.00	11,305,000
Jan-16	71.59	54.32	12,813,500
Feb-16	73.92	56.13	10,059,500
Mar-16	68.00	61.13	7,708,500
Apr-16	72.01	63.00	10,515,000
May-16	64.50	59.20	5,983,000
Jun-16	61.50	49.00	3,637,000

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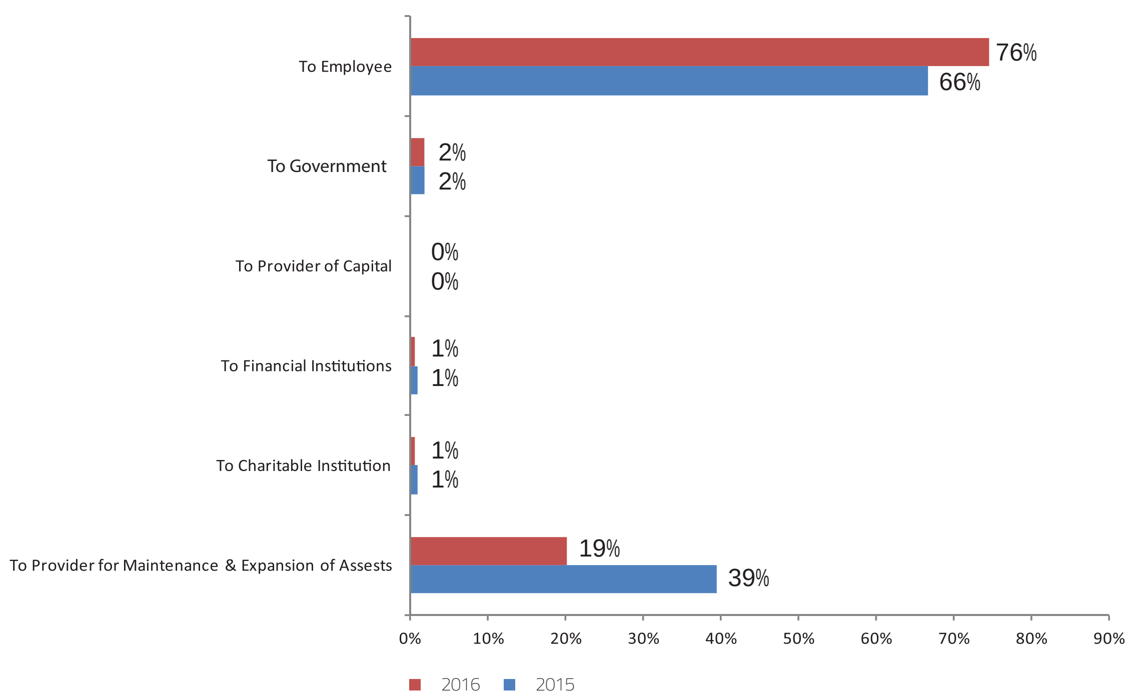
FINANCIAL HIGHLIGHTS

Statement of Value Addition

	2016	% age	2015	% age
	RUPEE IN THOUSAND			
VALUE ADDITION				
Revenue	3,215,811		2,700,191	
Other Income	135,301		121,816	
	3,351,112		2,822,007	
Less Operation & General Expenses	1,015,791		735,943	
Value Added	2,335,321	100%	2,086,064	100%
VALUE DISTRIBUTION				
To Employee				
Salaries & other employee benefits	1,765,399	76%	1,414,091	66%
To Governement				
Income tax & other taxes	37,743	2%	38,810	2%
To Provider of Capital				
Bonus shares & dividend	-	0%	-	0%
To Financial Institutions				
As mark-upon borrowings	22,934	1%	11,837	1%
To Charitable Institution	21,846	1%	17,470	1%
To Provider for Maintenance & Expansion of Assests				
Depreciation / Amortization	435,197	19%	836,591	39%
Retained Income/ (loss)	52,202	2%	(187,025)	-9%
	2,335,321		2,131,774	



Six Years' Summary

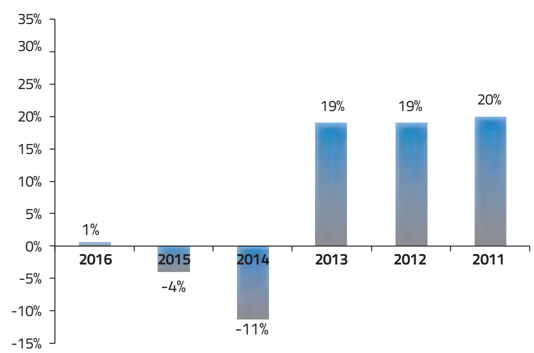
	2016	2015	2014	2013	2012	2011
FIXED CAPITAL EXPENDITURE						
Tangible	2,203,006	2,412,894	2,704,408	1,894,191	1,361,923	1,240,533
Intangibles	2,195,996	2,511,297	2,868,568	2,873,958	2,501,052	2,073,091
	4,399,002	4,924,191	5,572,976	4,768,149	3,862,975	3,313,624
DEFFERED EMPLOYEE CONTRIBUTION EXPENSE	-	-	-	-	54	750
NON CURRENT ASSETS	-	-	-	-	-	-
LONG TERM INVESTMENT	32,455	15,188	15,188	15,188	15,188	15,188
LONG TERM DEPOSIT	1,600	1,600	-	-	-	-
WORKING CAPITAL	942,853	361,778	135,342	1,534,796	1,277,790	850,929
NET ASSETS EMPLOYED	5,375,910	5,302,757	5,723,506	6,318,133	5,156,007	4,180,491
EQUITY & LIABILITIES	-	-	-	-	-	-
SHAREHOLDER'S EQUITY	5,336,416	5,280,964	5,466,733	6,125,402	4,954,932	4,033,508
NON CURRENT LIABILITIES	39,494	21,793	256,773	192,731	201,075	146,983
TOTAL FUNDS INVESTED	5,375,910	5,302,757	5,723,506	6,318,133	5,156,007	4,180,491
REVENUE	3,215,811	2,700,191	1,831,525	2,632,779	2,189,855	1,811,375
COST OF REVENUE	2,282,076	2,167,105	1,814,351	1,087,478	833,842	674,188
GROSS PROFIT	933,735	533,086	17,174	1,545,301	1,356,013	1,137,187
OPERATING EXPENSES	881,533	720,111	635,692	385,693	434,589	343,499
NET (LOSS) / PROFIT FOR THE YEAR	52,202	(187,025)	(618,518)	1,159,608	921,424	793,688
EARNING PER SHARE	0.59	(2.10)	(7.02)	13.48	10.73	9.24
RESERVES & SHARE CAPITAL						
Reserves	4,443,382	4,390,487	4,577,021	5,339,672	4,175,817	3,254,393
Share Capital	891,544	890,464	889,699	785,717	779,102	779,102
PAYOUT						
Cash Dividend	5%	-	-	10%	-	-
Bonus Shares	-	-	-	10%	-	-

Key Financial Ratios

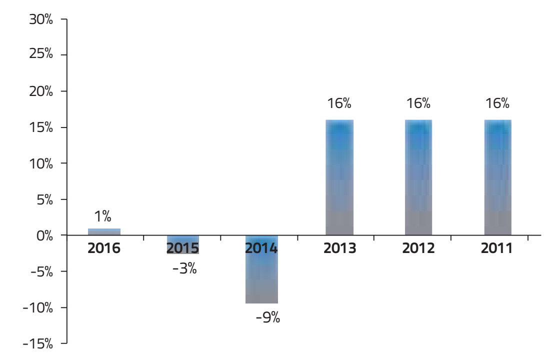
		2016	2015	2014	2013	2012	2011
Working Capital	Rupees in thousand	942,853	361,778	166,633	1,534,796	1,277,790	850,929
Gross Profit	%	29%	20%	1%	59%	62%	63%
Net Profit Margin	%	2%	-7%	-34%	44%	42%	44%
Return on Equity	%	1%	-4%	-11%	19%	19%	20%
Return on Assets	%	1%	-3%	-9%	16%	16%	16%
Earnings/(Loss) Per Share	Rupees	0.59	(2.10)	(7.02)	13.48	10.73	9.24
Book Value Per Share	Rupees	59.86	59.31	61.44	77.96	63.60	51.77
Outstanding No of Shares	Shares	89,154,423	89,046,423	88,969,923	78,571,703	77,910,203	77,910,203
Debtor Turnover	Times	2.68	6.02	5.77	2.73	2.67	2.00
Current Ratio	Times	1.77	1.33	1.2	3.05	2.66	2.08

Financial Summary

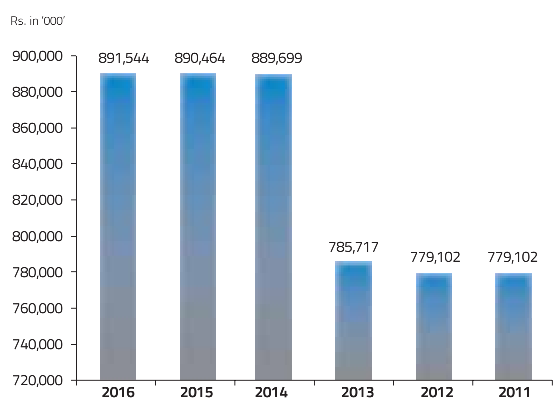
Return on equity



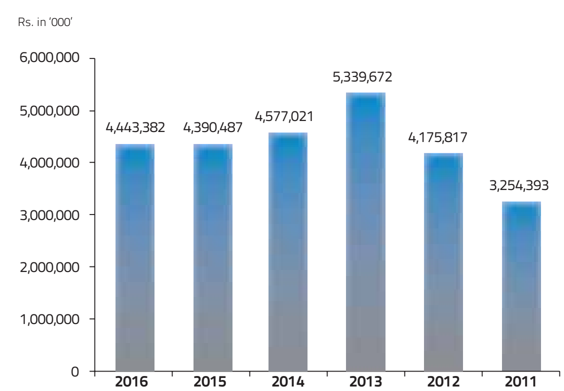
Return on Assets



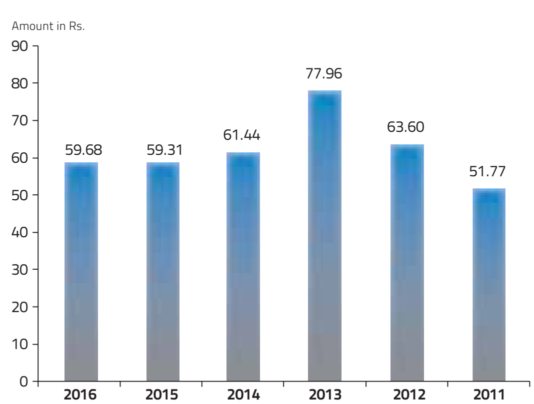
Share Capital



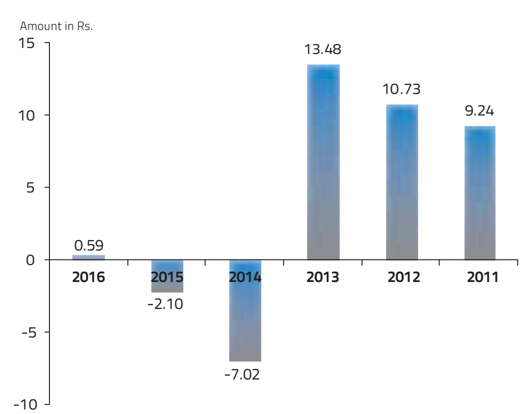
Reserves



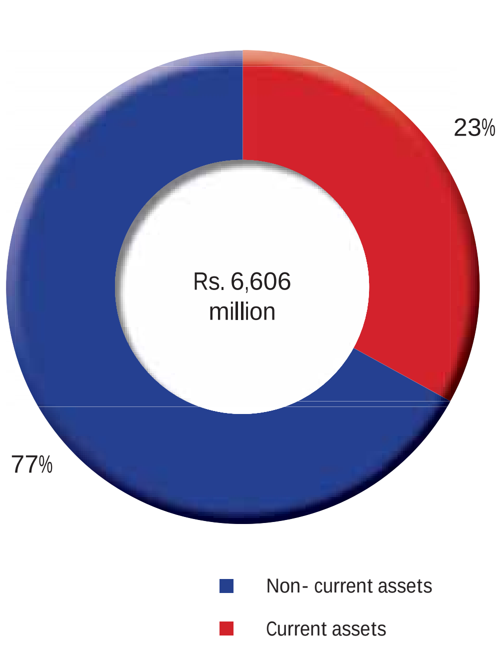
Book value per Share



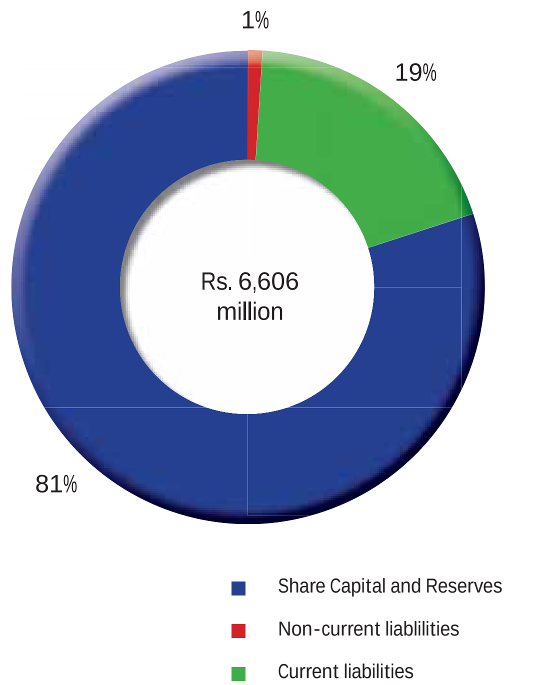
Earning / (loss) per share



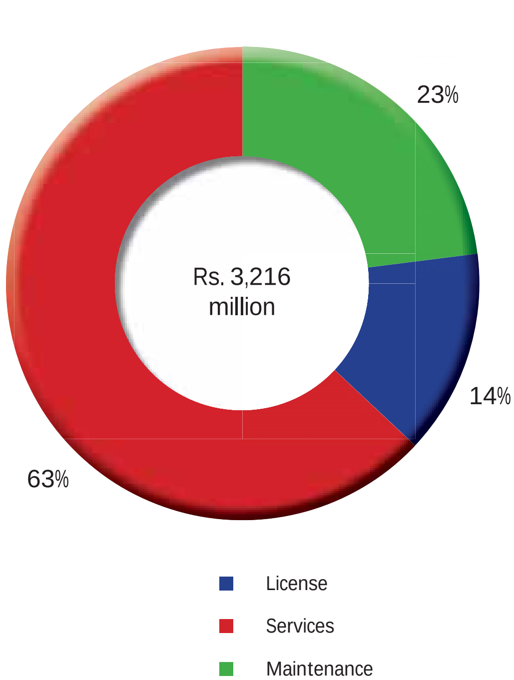
Assets



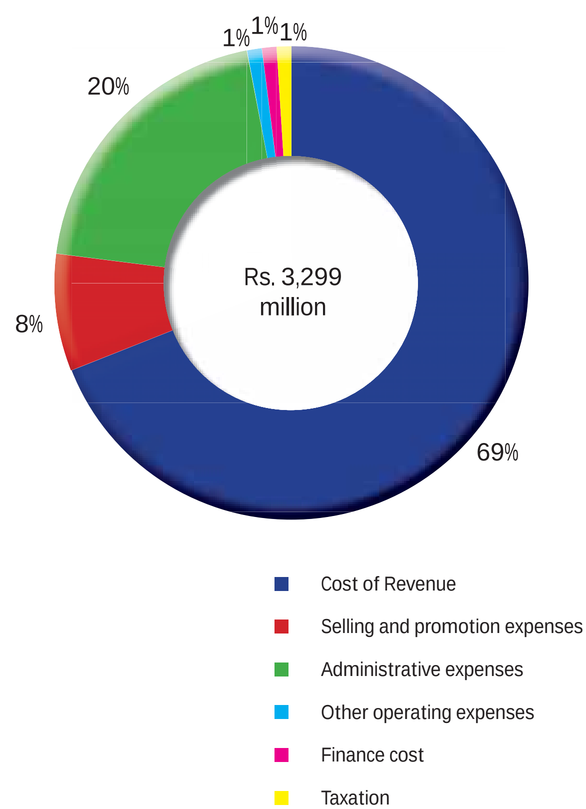
Equity & Liabilities

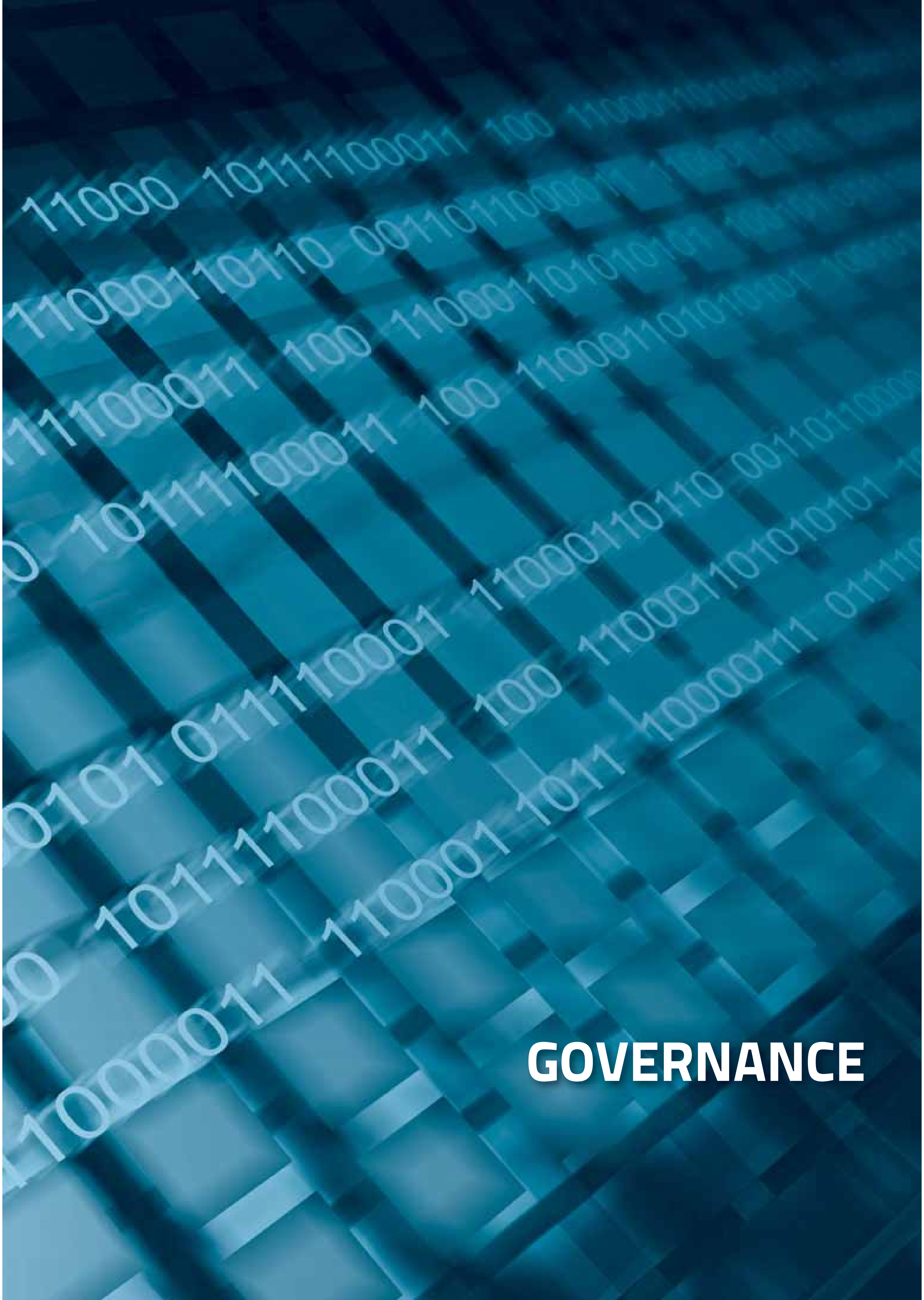


Revenue



Expenses





GOVERNANCE

Board of Directors

Shahab-Ud-Din Ghauri
Chairman

Shahab-Ud-Din Ghauri joined the board of NetSol Technologies in February 2014. His association with NetSol goes back to its inception when he put in the seed capital in the venture in 1996 and later served NetSol UK, as Managing Director in 2000. Before investing into the vision of NetSol, he was a successful entrepreneur managing his own business of contacting heavy machinery from the USA and Romania for use in Pakistan. Dealing with large multinational oil drillers and construction companies for over a decade he brings invaluable experience to the Board.

Salim Ullah Ghauri
Chief Executive Officer

Salim Ullah Ghauri began his entrepreneurial life 37 years ago but his real success came when he started NetSol in 1996, the leading finance and leasing Software Company of Pakistan. He is the founder and CEO of NetSol Technologies (1996). Salim Ghauri is a renowned IT Entrepreneur recognized globally today. His Interest in IT developed at Saudi Arabia and Australia in his previous years, urged an entrepreneurial thrust for his motivation. During his foreign experiences he direly felt a need of his skills for contribution in Pakistani IT sector. This motivation was a sense of patriotism intrinsically found in Salim Ghauri, who envisioned a dream of Pakistan having its own leading IT platform. His patriotic energy led to the founding of NetSol Technologies which became the first company in the country to achieve CMMI Level 5 status. At present, the Honorary Consul of Australia for Punjab and in addition, he has chaired the Federal Government's ICT Task Force. Currently and previously, Salim Ghauri has been called various times by the Prime Ministers and Presidents of Pakistan for his valuable contributions in the IT sector of Pakistan. He has served as a Former Chairman of Pakistan Software Houses Association for IT and ITES (P@SHA). Another major contribution includes American Business Forum (ABF). He has also served as the President of TiE Lahore. He is also a board member for British Business Centre.

Vaseem Anvar
Independent Director

Vaseem Anvar has been actively and rigorously participating in the engineering and construction industry to witness its dynamic growth in Pakistan. Very well known for his leadership skills, his hard work attitude has proven him an exuberant Chief Executive within the organization. After spending early days of education, he migrated to the United States of America for the higher education. Vaseem attained his B.S. in Economics and Construction Management from the University of California at Berkeley. After obtaining the MBA degree from Stanford University, with the emphasis on Global Expansion and Cutting Edge Competitiveness, he joined Echo West International. Under the vision and eighteen years management experience of Vaseem Anvar in the areas of design, planning, construction, construction management, real estate development, the firm has experienced consolidated growth in Pakistan and International markets.

Shahid Javed Burki

Independent Director

Shahid Javed Burki has served as a Director since 2003. Prior to joining the Board, Mr. Burki had a distinguished career with the World Bank where he held a number of senior positions. In 1996-1997, Mr. Burki took a leave of absence from the World Bank to act as Finance Minister of Pakistan. Upon early retirement from the World Bank, Mr. Burki acted as CEO of the Washington-based investment firm EMP Financial Advisors from 1992-2002. Presently, he is the Chairman of the Institute of Public Policy. He also spends some time each year as Senior Visiting Research Fellow at the Institute of South Asian Studies, National Singapore University. Mr. Burki also has a distinguished academic background. He was educated at Government College, Lahore where he received his M.Sc. in Physics, Oxford University as a Rhodes Scholar where he received his M.A. (Hons) in Economics, and Harvard University as a Mason Fellow where he received an M.P.A.

Anwaar Hussain

Independant Director

Mr. Anwaar Hussain is the owner & Director Marketing of Dawn Group of Companies and Managing Director of Dawn Foods Company. He has a Graduate Degree in Business Studies and Information System from University of Buckingham, England. He joined the family business fourteen years ago and since then Dawn Group has flourished into a household brand name nationwide. Mr. Hussain, has been responsible of taking Dawn from being an industrial baker to being a gourmet baker alongside to cater to the niche. His venture of Bread & Beyond attained profitability in record time. This integration in the industry has lead it to become one of the most promising and profitable business of the country.

Najeeb Ullah Ghauri

Non Executive Director

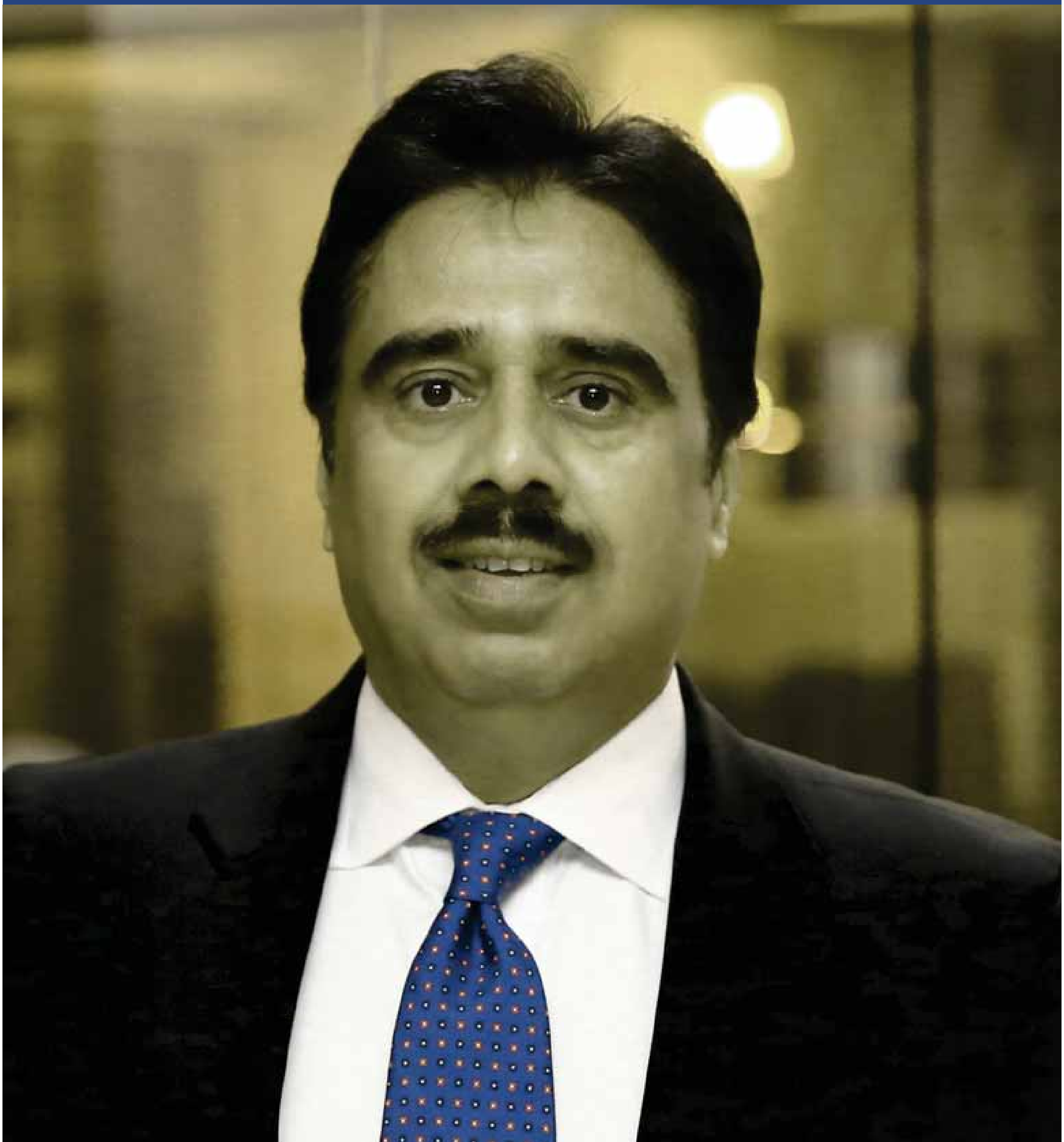
Najeeb Ullah Ghauri is Pakistani born US national and a resident in California. His career spans over 25 years of academic, corporate and entrepreneurial accomplishments. His most dynamic, can do and versatile attributes led him to successfully manage senior divisional roles in fortune 500 companies such as Unilever and Atlantic Richfield Corporation, or Arco for short, prior to embarking on a most successful and challenging venture of his career to date. He received his bachelor's degree from Eastern Illinois University, and earned an MBA in marketing from the Drucker School of Management at The Claremont Graduate School. In 1982, He was a nominee for the Ernst & Young 'Entrepreneur of the Year' award in California. He is very active in various educational non-governmental organizations (NGOs) worldwide. He is a founding board member of the Pakistan Human Development Fund. He is a board member at the U.S. Pakistan Business Council in Washington, D.C. (a U.S. Chamber of Commerce Body), and is also on the board of M4 International, Inc., a California-based executive consulting firm.

Omar Shahab Ghauri

Executive Director

Omar Ghauri is the COO of NetSol Technologies Ltd. As COO, he is managing and leading all of company's operations and delivery of NetSol's Flagship product NFS . With 12 years of vast and extensive experience in the IT industry, Omar is committed to driving an innovative, impactful and diligent team of engineers. Omar's journey with NetSol started off as a Business Analyst in 2004 where he analyzed and refined the business and functional requirements of new projects. In 2007, he became the Service Manager for NFS where his prime responsibility was to ensure customer satisfaction and bridge the gap between customers and development teams. From 2008 onwards, he has progressed over the career ladder with utmost zeal and determination until finally becoming in charge of NFS. His experience in both senior and junior roles, over his career history, is a testament to the fact that he has a vast set of skills ranging from leadership to strategic thinking. Omar earned a Bachelor's degree in Computer Information Systems (CIS) from James Madison University, USA.

Directors' Report to the Members



Directors' Report to the Members

On behalf of the Board of Directors, I am pleased to present the 20th Annual Report of the Company along with audited financial statements for the year ended June 30, 2016 and the auditors' report thereon.

GENERAL OVERVIEW

Pakistan's economy continued to maintain its growth momentum for the 3rd year in a row with GDP growing at 4.71 percent in the fiscal year 2016 which is the highest in eight years. The country's forex reserves reached all time high US$ 21.6 billion in May 2016, enough to finance over five months of country's import bill. The average CPI inflation fell from 4.53 percent in fiscal 2015 to 2.79 percent during the period July-April of fiscal 2016. The capital market reaching historical levels is another sign of investor's interest in Pakistan economy.

During the fiscal year ended June 30, 2016 NetSol has shown a reasonable pace of growth. Despite many challenges and issues to industry players, the Company has performed well and achieved a revenue growth rate of 19% approximately compared with last fiscal year. Post announcement of the next generation product and the losses suffered by the Company during the last couple of years, this is a very healthy growth in revenues. One of the key initiatives by the Company, "Nspire" incubator program has helped foster innovation in country's emerging tech market. NetSol has inducted three startups in the first batch and have plan to add more every six months. Nspire will provide an extended research and development capability to NetSol, without dilution of its resources and focus on the core business. Simultaneously, we hope to contribute to the ecosystem of entrepreneurship in Pakistan. As a technology company, NetSol expects most ideas inducted into the Nspire program to be technology related, but given its commitment to entrepreneurship, some non-technology startups may be inducted, as well.

NFS ASCENT™

NFS Ascent™ has gathered enough momentum and is attracting interest from all regions. The future enabled platform provides finance and lease companies' end-to-end automation of all operational processes involved with a lease contract while providing complete transparency into the whole process. NFS Ascent™ has been developed with the current needs of the global finance and lease industry with provisions for the future. The system provides unparalleled flexibility as companies can define rules to adapt the system to any unique circumstance. In December 2015, we had announced signing of a 100 million dollar deals of NFS Ascent™ with a European automobile manufacturer. As per terms of this agreement, the Company will implement NFS Ascent™ at twelve different countries during the next ten years. Four back to back implementations have already been started during the current fiscal year, some of which will be completed during fiscal 2017 and rest in the following year. The other implementation at a customer site in Indonesia is also going smoothly. The contract would go live during the next fiscal year.

NETSOL FINANCIAL SUITETM (NFS)

NetSol's flagship legacy product, NetSol Financial Suite™, still dominates the global finance and leasing industry. NFS has been very successful in the Asia Pacific Region particularly China. NFS is the leading leasing and finance solution in the Chinese market holding the largest market share. The software has had many years to develop into a mature well-rounded platform. It streamlines a lease contract by automating all associated operations, from contract origination till termination.

ENTERPRISE MOBILITY

Being the first of its kind, NFS Enterprise Mobility has created competition in the global Asset Finance and Lease Industry. It is the new benchmark for NetSol's competitors and new entrants in the industry. As consumers increasingly do more work on the go, they demand a mobility solution for finance and leasing operations. However, this segment is still a niche and NetSol's Mobility Suite is the answer. It has been launched in all major regions of the world and promoted via industry events to spread awareness. Certain prospective customers are in negotiation with the company for the implementation of mobility. NFS Enterprise Mobility has a lot of cross selling potential as a lot of existing customers have also shown interest in the product. NetSol realizes this and therefore it is not only focusing its efforts on new customers but is also focusing internally, targeting existing customers for new Enterprise Mobility implementations. The product mobilizes finance and leasing business operations, allowing customers to monitor and control their lease accounts remotely.

OUTSOURCING

One of the prominent areas in the information technology industry is the outsourcing business and one of the stable businesses that currently we have, is the outsourcing joint venture with Innovation Group plc, UK, known as NetSol Innovation (Pvt) Ltd. Since its inception, the number of its resources are increasing at a reasonable pace. The company has its clientele in all three major regions of the world i.e., Europe, Australia and the North America. The growing number of resources shows the confidence of the customers in our professionalism and the quality of our services.

FINANCIAL PERFORMANCE

	For the Year ended June 30 2016	For the Year ended June 30 2015
Revenue (in 000)	3,215,811	2,700,191
Gross Profit (in 000)	933,735	533,086
Net Profit / (loss) (in 000)	52,202	(187,025)
Weighted average No. of Outstanding Shares	89,088	88,999
Profit/ (loss) per share – basic	0.59	(2.10)
Profit/ (loss) per share – diluted	0.58	(2.09)
Adjusted EBITDA per share – diluted	9.16	7.54

Fiscal 2016 though started at a negative note for the company, but concluded positively and the company closed the whole fiscal year with profits.

Net revenues for the year ended June 30, 2016 were Rs. 3,216 million compared to Rs. 2,700 million in fiscal 2015. License revenue increased around 40% from Rs. 308 million in fiscal 2015 to Rs. 430 million in the current fiscal year. Main contributor to license revenue is the new Ascent contract in which four implementations have started and the license revenue has been booked based on the percentage of completion method. Services revenues improved from Rs. 1,785 million in the previous fiscal year to Rs. 2,041 million in the current year. This is an overall increase of 14%. The additional enhancement as well as customization requests from the existing customers coupled with the implementation of both the legacy and next generation products at various customer sites, including the implementation at four different sites of the new NFS Ascent deal, have resulted in increase in the overall services revenues. Maintenance revenue also increased from Rs. 609 million in the fiscal 2015 to Rs. 749 million in the current fiscal year. The 23% increase in maintenance revenue is mainly attributable to the implementations which were completed during the previous year but for which maintenance income has started coming from the current year.

Gross profit for the year was Rs. 934 million, up from Rs. 533 million in the same period last year. After two consecutive years of losses, the company posted net profit of Rs. 52 million in the current year compared to a net loss of Rs. 187 million in the previous year. Basic and diluted earnings per share was Rs. 0.59 and Rs. 0.58 in comparison with last year's basic and diluted loss per share of Rs. 2.10 and Rs. 2.09 respectively.

Adjusted EBITDA profit was Rs. 9.16 per share in the current fiscal year compared to Rs. 7.54 in the last fiscal year. EBITDA is a non-IFRS measure which is commonly used by the investors and analysts to analyze the financial health of any company. EBITDA is earnings before interest, tax, depreciation and amortization. Due to better realization of accounts receivables, the Company is also showing improved trends in its cash flows.

DIVIDEND AND BONUS ISSUE

The Board of Directors in their meeting held on September 08, 2016 has recommended 5% cash dividend for the fiscal year ended June 30, 2016.

FUTURE OUTLOOK

Future looks promising for NetSol in terms of new business volume and generating new business from the qualified leads. NFS Ascent™ is generating interest across the board from new and existing customers from all regions and sub-market segments. Marketing teams at NetSol have been busy attending promotional industry events in different countries. NetSol Technologies sponsored and participated in a leading industry event in Indonesia, the latest market the company has entered. This generated couple of leads, indicating a considerable appetite for the company's products and services in the country. Therefore, NetSol plans to dedicate more time and effort to this market as it is an emerging finance and leasing industry and a healthy economy with a stable governmental system. There were some high profile hiring this year as well. This is believed to come to fruition in terms of strategic directions for the company and benefiting from the personal networking and experience of these authority individuals.

PROMOTIONAL AND AWARENESS ACTIVITIES

A few promotional activities were initiated by NetSol this year. NetSol participated in career fairs and other such events in collaboration with the top universities of the country. Top students were invited to NetSol's purpose built facility and put through skill assessment activities and were given the opportunity to interact with the top IT individuals of the country. Additionally, NetSol once again hosted Throw-a-thon, last year's hugely successful, idea generation/incubation event which was very much successful. More than 100 students, with around 50 teams, from the top institutions of Pakistan participated in the event which brought some innovative new ideas that were pitched and subsequently developed. The event was covered by the local media and goes a long way in promoting the IT sector of the country.

AWARDS & RECOGNITION

NetSol was awarded with "First-Rate and Best Selling Finance and Leasing Solution Provider" at China Leasing Summit 2016. This is the fourth year running that NetSol has won this award.

CORPORATE SOCIAL RESPONSIBILITY

As different changes in the market are constantly happening, different trends are created in the market; and nobody can predict the future market trends. Corporate Social Responsibility (CSR) can be used as a tool to be implemented by companies in their strategy to improve public relations and economic performance. Particularly in Pakistani context, the companies can create a consumer market by adopting sustainable practices in their strategy. A company with sustainable practices can maintain its presence in the market for a longer period of time. CSR allows the companies to adopt the Triple Bottom Line approach by considering the environmental, social, and economical aspect of their business. This makes companies behave ethically and act as a responsible entity in society. Adopting sustainable practices can improve strategic strength. CSR can also bind the workers in the company and maintain a positive relationship with the stakeholders and create security for the business owner and shareholders.

NetSol is a firm believer in sustainability and for the company sustainability, implies that they should act responsibly on behalf of the future generations for the fulfillment of economic, environmental, and social progress. NetSol takes this responsibility as an early adopter of CSR initiatives. Along with sustained economic performance; environmental and social stewardship is a key factor for holistic business growth. The company works with different foundations and trusts towards improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Pakistani art and culture.

NetSol takes this CSR program in various sectors requiring foremost attention, including education, healthcare, poverty alleviation, and environmental protection. As a responsible corporate citizen, NetSol undertook various projects for community welfare during the year, some of which are described here under:

CORPORATE PHILANTHROPY

NetSol Education Support Program (NESP)

The NESP program is primarily designed to support the education of children of eligible employees up to Grade XII. It covers all permanent employees, working in "Admin Support Function" of NetSol and its subsidiaries. The employees who are covered under this program are privileged to educate their children and provide them with a better future.

Currently this initiative is helping out 201 children with their education. The students go to both English and Urdu medium institutions and include college students. It is helping out students throughout Pakistan, from Karachi to KPK, including the FATA area, Gilgit Baltistan, Chitral, and Azad Kashmir. As of June 30, 2016 the program covered 76 employees and 110 schools.

Additional Philanthropy Efforts

Additionally, the company has also contributed with donations and assistance to the following charities:

- Rising Sun Institute
- Burki Institute
- Farooq Trust School, Bahawalpur
- Tehseeb-ul-Ikhlaq
- Save our Souls (SOS)

Earthquake and Flood Relief activities

During times of natural disasters and calamities, the company has been at the forefront of relief activities. We not only help out with monetary and goods relief, but have also sent out teams to the disaster struck areas. This not only helps the affected people and areas, but also ensures that the contributions are being properly utilized and reaching the areas where they are most needed.

EMPLOYMENT OF SPECIAL NEED PEOPLE

The company believes in equal opportunity while hiring resources. We facilitate and accommodate the special people who have relevant knowledge and skills. We currently have around 10 special need employees working in NetSol in diverse roles. These include both male and female employees. In addition to this, we have a quota fixed for people living in the rural and less privileged areas who do not get much opportunities compared to the people in urban areas.

ENERGY CONSERVATION

As a responsible corporate citizen and aligned with global imperatives, the company continued to strengthen its energy conservation efforts and promoted the use of energy efficient products, awareness about reducing energy use in operations and producing electricity from cheaper sources. Benefits include mitigating rapidly rising costs of fuel, shortage of electricity and the organizational resilience. We took the following measures for energy conservation during official hours:

- Switch off all unnecessary devices.
- Operate AC's at 26°C
- Switch off AC's & lights during lunch break (01:00 PM – 02:00 PM)
- Switch off ACs & lights while stepping out of a room or halls.
- Make sure to properly shut down computer systems at the end of the day.
- Green Office Program, involving promotion of green IT use practices, such as judicious use of equipment and virtualization of services.
- Replacement of all energy savers and other lights currently used in the office with LED lights.
- Data center and server rooms, being large consumers of energy in an IT landscape, have been standardized using an eco-friendly room design which incorporates power and cooling best practices.
- Video and Audio Conferencing (VC and AC) usage is promoted steadily.

ENVIRONMENTAL PROTECTION MEASURE

We view the economy, environmental protection and social responsibility as three key factors carrying equal weight in a liberal world market. We support the dissemination of knowledge needed for sustainable development through the transfer of knowledge in the fields of management and technology, wherever we operate as a company. As a corporate citizen and conscious of our social and environmental responsibilities, we function in a manner that protects and preserves the environment for our future generations, ensures the health & safety of our stakeholders and exerts a positive influence in the community.

Our employees, partners, customers, and suppliers are committed to participate in the efforts to protect the world's ecosystem for future generations. Together, we are working to reduce environmental impacts by engaging all stakeholders and providing products and solutions that help in this regard. These efforts help us to meet the expectations of stakeholders and also makes good business sense, often reducing operating costs and business risks. Our commitment to reduce environmental impact extends across our value chain and we aim to continually improve our management systems to deliver consistent and measurable progress. Being conscious to this social responsibility, we have taken a tree plantation initiative on the NetSol IT village premises to improve the surrounding environment.

RELATIONSHIP WITH THE EMPLOYEES

Gamification

NetSol initiated the concept of Gamification in 2014, providing an opportunity for our employees to complete mundane tasks in a challenging way. Gamification is the use of critical thinking and game mechanics in non-game contexts to engage users in solving problems at the workplace. These techniques strive to leverage their natural desires for competition, achievement and status. The concept of gamification helps managers in evaluating their resources' problem solving, quick thinking, time management and many other leadership-essential qualities over time.

In-house Doctor

In an effort to curb health care costs and provide employees with more convenient means of addressing urgent chronic health needs, NetSol has an in-house medical doctor and professional nursing staff available from 9:00 am to 5:00 pm on a daily basis.

Fire and Safety Staff

NetSol is dedicated to protecting its employees and property from accidents at all times. Keeping this in mind, our fire and safety staff provides quality life-safety education to our employees Our Fire and Safety staff conducts regular drills to ensure that employees are well versed in methods of safety.

Umrah Draws

Every year employees are sent to perform Umrah through random balloting. In 2016, four company employees along with one family member each were sent to perform Umrah through computerized ballot on company's expenses.

Free Lunch and Gymnasium

The company also maintains a cafeteria at its premises where complementary lunch is provided to all the staff members. The same food is served to both, the management and other employees including support staff. This facility is also available at other regional offices of the company. The company has also invested in a sports complex for indoor games such as table tennis, snooker, football, etc. A gymnasium with state of the art fitness equipment is also maintained for the employees.

Health talks, trainings and similar Initiatives

Regular health talks are conducted to create awareness among employees regarding different health issues that can immerge in the working class. Employees are made aware about symptoms and causes of some of the gravest diseases of this age that can sprout from working long hours in offices. A conscious effort is made to offer trainings, such as the Breathing Sessions, to help employees relax and lead a stress free day. NetSol Ex-PCB trainer Yasir Mehmood conducts recurrent trainings for women focused on the importance of health and fitness in women. These are comprehensive sessions designed to emphasize the intake of foods and practices absolutely necessary for a working woman's health. One of the sessions focused primarily on the prevention of osteoporosis by regular intakes of vitamin D and Calcium.

Pick & Drop and Day Care Facility

To encourage the female population to take part in the development of the country, the company also provides pick and drop facility to its female staff members. The facility is provided from their doorstep at a very subsidized rate. Additionally, day care facility is provided to both male and female employees at subsidized rates. A group of skilled instructors trained in child education regularly visit the center for the learning and development of children. NetSol has assumed shared responsibility for the children of its employees.

Bikes for Male Employees

A bike purchase program has been initiated for male employees. Through this program, employees are facilitated to purchase bikes through easy installments, with major percentage of the payment contributed by the company.

Eid Gifts and giveaways

On Eid and other special occasions, the employees are given Eid gifts and rewarded with various giveaways.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

NetSol holds frequent activities to ensure that the employees are working within the Code of Conduct (CoC). The management has prepared a code of conduct which is duly adopted by the Board. All directors, senior management and employees have signed this code and are required to observe these rules of conduct in relation to customers, suppliers and regulators. The CoC is rigorously followed through-out the organization. There is zero tolerance towards corruption in the company. Employees are encouraged to contact the audit committee directly whether anonymously or otherwise in case they come to know about any fraud taking place in the company. For this purpose, drop boxes have been placed at prominent places within the company.

CONTRIBUTION TO NATIONAL EXCHEQUER

We have always showed our responsibility by paying all government taxes in time and without any delay. For the year ended June 30, 2016 we made our humble contribution to the National Exchequer by way of general sale tax, income tax and other government levies.

Description	Rupees (000)
Income Tax	16,294
Sales Tax	16,228
With Holding Tax	143,313

INSTITUTE FOR CORPORATE ADVANCEMENT AT NETSOL (ICAN)

NetSol has implemented a state of the art in-house Learning Management System. Three training rooms, a recording studio and the necessary training infrastructure for a high quality training experience have been set up.

ICAN facilitators delivered more than 90 different topics in class room sitting during the current year. The topics range from technical programming related areas to general ones like HSE, language, communication and management. Multiple offerings of select topics helped 868 participants attend one of more of the 169 in-class sessions. Every new hire has to go through a specially designed program that enables them with the relevant domain knowledge, tools and methodology. For very specialized learning requirements, many staff members enroll in online programs to get access to the global knowledge pool. In addition to above courses, ICAN also processed external trainings, certifications and examinations of 213 people across a wide range of skills. NetSol has also attained an ACCA approved employer status this year. The relationship with ACCA will further enrich the knowledge and network of our Business Analysts, accounts and finance experts.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We are committed to maintain high standards of good corporate governance without any exception. The directors are pleased to inform that your company is compliant with the provisions of the Code of Corporate Governance as introduced by the Securities & Exchange Commission of Pakistan and adopted by Pakistan Stock Exchange Limited). Statement of compliance with the Code of Corporate Governance is also annexed with the annual report.

CORPORATE & FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practice of corporate governance, as detailed in the listing regulations.
- Key operating and financial data of the last six years, in summarized form, is annexed herewith.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2016 except those as disclosed in the financial statements.
- Value of the provident fund investments as on June 30, 2016 was Rs. 392.4 million (June 30, 2015: Rs. 315.6 million).
- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

ELECTION OF DIRECTORS

Election of Board of Directors of NetSol was held on December 21, 2015 in the Extra-Ordinary General Meeting. In accordance with the provisions of section 178 & 180 of the Companies Ordinance, 1984 and Article 70 of the Company's Articles of Associations, the board had fixed the number of directors to be seven (7). Since the number of members who provided their consent for contesting the election were same as fixed by the board of directors, the extraordinary general meeting was called off as per opinion obtained from the Securities and Exchange Commission and all the seven contestants were deemed to be elected as board members. As a result, the following board was constituted for a term of three years commencing from January 01, 2016.

Mr. Anwaar Hussain
Mr. Shahid Javed Burki
Mr. Najeeb Ullah Ghauri
Mr. Omar Shahab Ghauri
Mr. Vaseem Anvar
Mr. Salim Ullah Ghauri
Mr. Shahab-Ud-Din Ghauri

Mr. Salim Ullah Ghauri was re-appointed as Chief Executive of the Company for the term of three years in accordance with the provisions of new Code of Corporate Governance 2012 and section 199 of the Companies Ordinance, 1984. The newly constituted board comprises persons from various spheres of life including sponsors, businessmen, and economist. The Board also placed on record its gratitude for highly valuable services rendered by Mr. Fida Hussain (late).

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee comprising of the following three (03) members:

Name of Director	Name of Alternate Director	Designation
Vaseem Anvar	N/A	Chairman/ Independent Director
Najeeb Ullah Ghauri	N/A	Member/Non-Executive Director
Anwaar Hussain	N/A	Member/ Independent Director

Audit Committee duly reviewed and approved all quarterly, half yearly and annual financial statements before submission to the board of directors as well as their publication.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established a Human Resource and Remuneration Committee comprising of the following three (03) members:

Name of Director	Designation
Najeeb Ullah Ghauri	Chairman/ Non-Executive Director
Shahid Javed Burki	Member/ Independent Director
Salim Ullah Ghauri	Member/ Executive Director

The committee gives recommendations to the board regarding selection, evaluation and compensation of key management positions.

ATTENDANCE AT BOARD MEETING

During the year ended June 30, 2016, Five (05) board meetings were held and attended as follows:

Name of Director	Name of Alternate Director	No. of Meetings
Shahab-ud-Din Ghauri	N/A	05
Salim Ullah Ghauri	N/A	05
Vaseem Anvar	N/A	05
Najeeb Ullah Ghauri	Rehmat Ullah Ghauri***	05
Shahid Javed Burki	N/A	02
Omar Ghauri	N/A	05
Fida Hussain*	N/A	00
Anwaar Hussain**	N/A	03

*Died during the year
**Elected during the year
***Retired as alternate director on January 01, 2016

Leave of absence was granted to the members not able to attend the board meetings.

ATTENDANCE AT AUDIT COMMITTEE MEETING

During the year ended June 30, 2016, five (05) meetings of the Audit Committee were held and attended as given hereunder:

Name of Member	Name of Alternate Member	No. of Meetings
Najeeb Ullah Ghauri	Rehmat Ullah Ghauri***	05
Vaseem Anvar	N/A	05
Fida Hussain*	N/A	00
Anwaar Hussain**	N/A	02

*Died during the year
**Elected during the year
***Retired as Alternate Director

Leave of absence was granted to the members who could not attend the meetings.

DIRECTOR'S TRAINING PROGRAM

In compliance of completion of training requirements, all of the board members have completed the "Directors Training Program". One of the Directors had already received "Certificate of Director Education" from Pakistan Institute of Corporate Governance ("PICG"). Three board members are exempt as per criteria specified in clause 5.19.7 of the Pakistan Stock Exchange Regulations. During the current year, the remaining three directors attended the Directors' Training Program offered by PICG. Two of them have also received their certificates before the end of the fiscal year whereas the certificate of one director was pending as on June 30, 2016.

EMPLOYEE STOCK OPTION SCHEME

On August 01, 2009, the compensation committee granted 4.35 million stock options to the employees at a grant price of Rs.16.42 per option. The options were granted under employee stock option scheme duly approved by the Securities and Exchange Commission of Pakistan. Since the grant of options till the end of fiscal year 2016, 90% of the granted option had become exercisable.

According to the requirements of Section 12 of Employees Stock Option Rules 2001, following disclosure is made regarding options granted, vested or exercised during the financial year ended June 30, 2016:

1. The company had granted 4,350,000 options to its employees.
2. Exercise price of options is determined by taking one month's average share price of company's share at Karachi Stock Exchange on the date of grant of an option discounted by 20%.
3. 90% of the options granted had vested by the end of financial year ended June 30, 2016.
4. Till June 30, 2016, 3,262,000 options were exercised by the employees and Rs. 53.56 million were received by the company on this account.
5. 108,000 fresh shares were issued during the fiscal year ended June 30, 2016 due to exercise of options by the employees. Total shares issued against the employees' stock option scheme till June 30, 2016 are 3,262,000.
6. No options lapsed during the year.
7. There was no variation in the scheme as approved by

the shareholders and the SECP.

8. Following options were granted to the senior managerial cadre employees of the company:

Designation	No. of options granted
Chief Executive Officer	250,000
Chief Operating Officer	100,000
Chief Financial Officer	100,000

Except the figures disclosed above, no employee was granted option amounting to five percent or more of options granted during one year or one percent or more of the issued capital of the Company.

HOLDING COMPANY

NetSol Technologies Inc., 24025 Park Sorrento, Suite 410, Calabasas CA 91302, USA holds majority of shareholding of the company.

AUDITORS

The present external auditors' Messrs Kabani & Company, Chartered Accountants retire and being eligible, offer themselves for reappointment.

The external auditors have confirmed that have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). They have further confirmed that their firm is in compliance with International Federation of Accountants' (IFAC) guidelines on Code of Ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations.

As suggested by the Audit Committee, The Board recommends their reappointment for the year ending June 30, 2017.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for the last six years is also annexed with the annual report.

PATTERN OF SHAREHOLDING

Pattern of shareholding as at June 30, 2016 as required by section 236 of the Companies Ordinance 1984 including the information under the Code of Corporate Governance is annexed herewith.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the support by its shareholders, valued customers, government agencies and financial institutions. The board would also like to express its appreciation for the services, loyalty and efforts being continuously rendered by the executives and all the staff members of the company and hope that they will continue with these efforts in future.

On behalf of the Board

Salim Ullah Ghauri
Cheif Executive Offices

Lahore
September 08, 2016

ڈائریکٹرز کی رپورٹ برائے ممبران

مجھے خوشی ہے کہ از طرف بورڈ آف ڈائریکٹرز کمپنی کی بیسویں سالانہ آڈٹ شدہ مالیاتی گوشوارے جس کا اختتام 30 جون 2016ء کو ہوا، اور مع آڈیٹرز رپورٹ پیش کر رہا ہوں۔

عمومی جائزہ (General Overview)

پاکستانی معیشت مسلسل تیسرے سال ترقی کی شرح کو برقرار رکھتے ہوئے، مالی سال 2016ء میں GDP کی شرح میں 4.71 فیصد تک اضافہ دیکھا گیا جو کہ گزشتہ 8 سالوں کے مقابلے میں سب سے زیادہ ہے۔ ملک میں غیر ملکی کرنسی کے ذخائر (Forex reserves) مئی 2016ء میں 21.6 ارب ڈالر کی بلندترین سطح تک پہنچ گئے، جو کہ 5 ماہ تک ملکی درآمدی بل کو فنانس کے لیے کافی ہیں۔ اوسط CPI افراطِ زر مالی سال 2015ء میں 4.53 فیصد سے مالی سال 2016ء عرصہ جولائی تا اپریل کے دوران 2.79 فیصد تک نیچے آیا۔ کیپٹل مارکیٹ کا تاریخی سطح تک پہنچنا جو کہ سرمایہ کاری کی پاکستانی معیشت میں دلچسپی ظاہر ہونے کی ایک علامت ہے۔

30 جون 2016ء کو ختم ہونے والے مالی سال کے دوران نیٹ سول نے معقولیت پر مبنی ترقی کے سفر کو جاری رکھا۔ باوجود اس کے کہ صنعت کاروں کو مشکلات اور مسائل کا سامنا رہا، نیٹ سول نے اچھی کارکردگی کا مظاہرہ کیا اور محصولات کی مد میں شرح نمو گزشتہ مالی سال کے مقابلے میں تقریباً 19 فیصد حاصل کی۔ اعلان کردہ Next Generation مصنوعات اور گزشتہ دو برسوں کے خسارے کے بعد، امسال محصولات کی شرح نمو میں مثبت اور صحت مند رجحان دیکھنے میں آیا۔ کمپنی نے جو بنیادی اقدامات اُٹھائے ان میں ایک "Nspire" انکوبیٹر پروگرام ہے۔ یہ پروگرام مُلک کی اُبھرتی ہوئی Tech Market میں ایجادات کو فروغ دینے میں معاون ہوگا۔ نیٹ سول نے پہلے مرحلے میں تین پروگراموں کا آغاز کیا ہے اور ہر چھ ماہ میں اس میں اضافے کا ارادہ کیا ہے۔ نیٹ سول Nspire کو وسیع تحقیق اور ترقی کی صلاحیت فراہم کرے گا، اور اس سے کاروباری عمل اور اس کی ترجیحات متاثر نہیں ہوں گی۔ اسی کے ساتھ ہم اُمید کرتے ہیں کہ یہ پاکستان کے کاروباری ماحول میں مدد معاون ثابت ہوگا۔ نیٹ سول چونکہ ایک ٹیکنالوجی کمپنی ہے لہٰذا ہم توقع کرتے ہیں کہ Nspire میں شامل تمام تصورات ٹیکنالوجی سے متعلق ہوں گے، لیکن کاروبار کے دیگر لوازمات کو مدِنظر رکھتے ہوئے کچھ Non-technology startups بھی شامل کیے جا سکتے ہیں۔

این ایف ایس ایسنٹ ™ NFS Ascent

™ NFS Ascent خاصی رفتار سے ترقی کر رہا ہے، اور تمام ریجن کی دلچسپیوں کو اپنی جانب متوجہ کر رہا ہے۔ یہ فنانس اور لیز کمپنیوں کو مستقبل کا فعال اور مکمل پلیٹ فارم فراہم کرتا ہے، اور تمام لیز معاہدات میں شفافیت کے عمل کو برقرار رکھتا ہے، اور تمام آپریشنل مراحل کی آخر تک آٹومیشن فراہم کرتا ہے۔ ™ NFS Ascent عالمی فنانس اور لیز کی صنعت کی موجودہ ضروریات کے ساتھ ساتھ مستقبل کی ضروریات کو مدِنظر رکھتے ہوئے تیار کیا گیا ہے۔ یہ نظام ہمیں ایک غیر متزلزل لچک دیتا ہے جس سے کمپنیاں کسی بھی خاص حالات میں اپنی ضروریات کے مطابق اس کا نفاذ کر سکتے ہیں۔ دسمبر 2015ء میں ہم نے ایک یورپی آٹوموبائل کمپنی کے ساتھ ™ NFS Ascent کے 100 ملین ڈالر کے سودے پر دستخط کرنے کا اعلان کیا تھا۔ اس معاہدے کی شرائط کے مطابق، کمپنی اگلے 10 سال کے دوران 12 مختلف ممالک میں NFS ™ Ascent کا نفاذ کرے گا۔ ایک ساتھ چار نفاذ پہلے ہی نافذ العمل ہیں جو کہ رواں مالی سال کے دوران شروع کیے گئے جن میں سے کچھ 2017ء میں مکمل ہوں گے اور باقی اگلے سال میں۔

انڈونیشیا میں ایک صارف کی سائٹ پر بھی ™ NFS Ascent کے نفاذ کا عمل جاری ہے۔ معاہدہ آئندہ مالی سال کے دوران مکمل ہو جائے گا۔

نیٹ سول فنانشل سویٹ (NetSol Finacial Suite TM)

نیٹ سول کے legacy مصنوعات کے وارث، نیٹ سول فنانشل سویٹ کو آج بھی عالمی مالیاتی اور لیزنگ صنعت میں غلبہ حاصل ہے۔ NFS ایشیا پیسفک خطے بالخصوص چین میں بہت کامیاب رہا ہے۔ NFS چینی مارکیٹ میں سب سے بڑی مارکیٹ کا شیئر ہولڈر اور معروف لیزنگ اور فنانس سولوشن کے طور پر جانا جاتا ہے۔ یہ سافٹ ویئر کئی سالوں کی مسلسل محنت کے بعد بہترین پلیٹ فارم پر تیار کیا گیا ہے۔ یہ لیز معاہدہ کو آغاز سے اختتام تک کی تمام معاملات کو خودکار طریقے سے ملاتا ہے۔

اِنٹرپرائز موبلٹی (Enterprise Mobility)

اپنی نوعیت کا پہلا سوفٹ ویئر ہونے کے ناتے، NFS انٹرپرائز موبلٹی نے عالمی مالیاتی اثاثہ جات اور لیز کی صنعت میں مقابلے کے رجحان کو فروغ دیا ہے۔ یہ نیٹ سول کے حریف اور اس صنعت میں نئے آنے والے کے لیے ایک معیار کا درجہ رکھتا ہے۔ صارفین چونکہ تیزی سے زیادہ کام کرنا چاہتے ہیں اس لیے وہ فنانس کیلئے موبلٹی سولوشن اور لیزنگ آپریشن کا مطالبہ کرتے ہیں۔ تاہم اس شعبے میں اب بھی ایک niche ہے اور نیٹ سول کا موبلٹی سویٹ (NetSol's Mobility Suite) اس کا ایک بہترین حل ہے۔ یہ دُنیا کے تمام علاقوں میں شروع کر دیا گیا ہے اور اس کو صنعتی تقریبات کے ذریعے شعور بیدار کرنے کے آلۂ کار کے طور پر فروغ دیا جا رہا ہے، کچھ ممکنہ صارف موبلٹی کے نفاذ کے لیے مذاکراتی عمل میں ہیں۔ NFS انٹرپرائز موبلٹی cross selling کی بھرپور صلاحیت رکھتا ہے، کیونکہ موجودہ کسٹمرز کی ایک بڑی تعداد نے ان مصنوعات میں اپنی دلچسپی ظاہر کی ہے۔ نیٹ سول کو اس کا اِدراک ہے اور اسی وجہ سے اس کی کوشش نہ صرف نئے صارفین کی جانب مرکوز ہیں بلکہ یہ موجودہ صارفین کی طرف بھی بھرپور توجہ دے رہی ہے۔ یہ مصنوعہ فنانس اور لیزنگ کے کاروباری عمل کو جدت دیتی ہے، اور صارفین دُور دراز جگہ سے بھی اپنے لیز اکاؤنٹس کی نگرانی اور کنٹرول کر سکتے ہیں۔

آئوٹ سورسنگ (Outsourcing)

انفارمیشن ٹیکنالوجی کی صنعت کے نمایاں شعبوں میں ایک شعبہ کاروبار کی آؤٹ سورسنگ ہے، ہمارے موجودہ مستحکم کاروبار میں انوویشن گروپ پی ایل سی برطانیہ جو کہ نیٹ سول۔ انوویشن (پرائیویٹ) لمیٹڈ کے نام سے جانا جاتا ہے، کے ساتھ آؤٹ سورسنگ کا مشترکہ منصوبہ ہے۔ اپنے قیام کے آغاز سے ہی اس کے وسائل کی تعداد ایک مناسب رفتار سے بڑھ رہی ہے۔ دُنیا کے تین اہم علاقوں یورپ، آسٹریلیا اور شمالی امریکہ میں کمپنی کے صارف موجود ہیں۔

وسائل کی بڑھتی ہوئی تعداد اور کسٹمرز کا اعتماد ہماری پیشہ وارانہ مہارت اور ہماری خدمات کے معیار کو ظاہر کرتا ہے۔

مالیاتی کارکردگی (Financial Performance)

	30 جون 2016ء کو ختم ہونے والے سال کے لیے	30 جون 2015ء کو ختم ہونے والے سال کے لیے
محصولات (000 میں)	3,215,811	2,700,191
خام منافع (000 میں)	933,735	533,086

نقد منافع/(نقصان) (000 میں)	52,202	(187,025)
Weight average No. of outstanding حصص	89,088	88,999
منافع/(نقصان) فی حصص۔ بنیادی	0.59	(2.10)
منافع/(نقصان) فی حصص۔ ڈائیلوٹڈ	0.58	(2.09)
ایڈجسٹڈ EBITDA فی حصص۔ ڈائیلوٹڈ	9.16	7.54

مالی سال 2016ء میں اگرچہ کمپنی کی شروعات منفی تھی، لیکن مثبت انداز میں اختتام پذیر ہوا اور پورے مالی سال کمپنی نے منافع کے ساتھ بند کیا۔

30 جون 2016ء کو ختم ہونے والے سال کے لیے خالص محصولات 3,216 ملین روپے تھی جب کہ یہی 2015ء میں 2,700 ملین روپے تھی۔ مالی سال 2015ء سے رواں مالی سال تک 308 ملین روپے سے 430 ملین روپے تک لائسنس (License) محصولات کی مد میں تقریباً 40 فیصد اضافہ ہوا، لائسنس کی محصولات اہم معاون نیا Ascent معاہدہ ہے، جس میں چار نفاذ شروع کیے گئے اور لائسنس محصولات کا اندراج percentage completion کی بنیاد پر کیا گیا۔ سروسز کی محصولات میں گزشتہ مالی سال 1,785 ملین روپے سے رواں مالی سال 2,041 ملین روپے تک کا اضافہ ہوا ہے۔ یہ مجموعی طور پر 14 فی صد اضافہ بنتا ہے۔ اِضافی بڑھوتری کے ساتھ ساتھ موجودہ صارفین کی جانب سے کسٹمائزیشن کا مطالبہ اور ساتھ ہی گزشتہ Legacy اور اگلی جنریشن (Next Generation) کی مصنوعات کا کئی صارفین کی سائٹ پر نفاذ بشمول نئے ™ NFS Ascent کے معاہدے کا چار مختلف جگہوں پر نفاذ کے نتیجے میں خدمات کی محصولات میں مجموعی اضافہ ہوا۔ بحالی (Maintenence) محصولات میں بھی مالی سال 2015ء میں 609 ملین روپے سے رواں مالی سال میں 749 ملین روپے تک اضافہ ہوا تھا۔ بحالی (Maintenence) محصولات میں یہ 23 فی صد اضافہ اُن نفاذ (implementations) کا مرہونِ منت ہے جو کہ گزشتہ سال مکمل کیے گئے لیکن ان کی maintenance income موجودہ سال میں آنا شروع ہوئی۔

گزشتہ سال اسی مدت میں خام منافع 533 ملین روپے تھا جس میں اسی سال 934 ملین روپے کا اضافہ ہوا۔ دو سالوں کے مسلسل نقصان کے بعد کمپنی نے گزشتہ سال 187 ملین روپے نقد نقصان کے مقابلے رواں سال 52 ملین کا نقد منافع درج کیا۔ بنیادی اور Diluted آمدنیاں فی حصص 0.59 روپے اور 0.58 روپے فی حصص رہا، اس کے مقابلہ میں گزشتہ سال بنیادی اور Diluted نقصان بلترتیب 2.10 روپے اور 2.09 روپے فی حصص تھا۔

رواں مالی سال میں ایڈجسٹڈ EBITDA منافع 9.16 روپے فی حصص کے مقابلہ میں گزشتہ مالی سال میں 7.54 روپے تھا۔ EDITDA ایک غیر IFRS اقدام ہے جو کہ عام طور پر کسی بھی کمپنی کی مالی حالت کا تجزیہ کرنے کے لیے سرمایہ کاروں اور تجزیہ کاروں کی طرف سے استعمال کیا جاتا ہے۔ EBITDA سود، ٹیکس، فرسودگی اور کساد بازاری سے پہلے کی آمدنی ہے۔ مالیاتی وصولی میں بہتری کی وجہ سے کمپنی میں اس کی نقد رقم کے بہاؤ میں بہتری کے رُجحانات کو دیکھا جاسکتا ہے۔

تقسیم شدہ منافع (Dividend) اور بونس

8 ستمبر 2016ء کی منعقدہ میٹنگ میں بورڈ آف ڈائریکٹرز نے 30 جون 2016ء کو ختم ہونے والے مالی سال کیلئے 5 فی صد کیش تقسیم شدہ منافع (dividend) کی سفارش کی ہے۔

مستقبل کا نقطۂ نظر (Future Outlook)

نئے کاروباری حجم اور اپنی اہلیت کی بنیاد پر نئے کاروبار کی تخلیق کے حوالے سے نیٹ سول کا مستقبل شاندار اور بھرپور ہے۔ ™ NFS Ascent دُنیا کے تمام خطوں اور ذیلی مارکیٹ شعبہ جات سے نئے اور موجودہ صارفین کی جانب سے دلچسپی کو فروغ دے رہا ہے۔ نیٹ سول کی مارکیٹنگ ٹیمیں مختلف ممالک میں اس صنعت کو فروغ دینے کے لیے مصروفِ عمل رہتے ہیں۔ نیٹ سول ٹیکنالوجیز نے انڈونیشیا کے ایک معروف صنعتی ایونٹ میں تعاون اور بھرپور حصہ لیا۔ جو کہ نیٹ سول کیلئے ایک نئی مارکیٹ ہے۔ اس سے کئی رُجحانات پیدا ہوئے ہیں، جو اِس جانب اِشارہ کرتے ہیں کہ اس مُلک میں کمپنی کی مصنوعات اور خدمات کے لیے خاصی گنجائش موجود ہے۔ تاہم، ایک مستحکم حکومتی نظام کے ساتھ ساتھ اُبھرتی ہوئی فنانس و لیزنگ کی صنعت کو دیکھتے ہوئے نیٹ سول اس مارکیٹ میں زیادہ وقت اور کوشش وقف کرنے کا اِرادہ رکھتی ہے۔ اس سال کچھ ہائی پروفائل افراد کی خدامت بھی حاصل کی گئی تھیں۔ یہ کمپنی اور ان کے افراد کی ذاتی نیٹ ورکنگ اور تجربے سے استفادہ کے لیے اسٹریٹجک سمتوں کی جانب ایک سودمند اور اہم پیش رفت تصور کی جا رہی ہے۔

پروموشنل اور بیداری کی سرگرمیاں (Promotional And Awareness Activities)

چند پروموشنل سرگرمیوں کو اس سال نیٹ سول کی جانب سے شروع کیا گیا۔ نیٹ سول نے مُلک کی بہترین یونیورسٹیوں کے تعاون کیرئر میلے اور اس طرح کی دیگر سرگرمیوں میں حصہ لیا۔ اعلیٰ معیار کے طلبا کو نیٹ سول کے شعبۂ مقصدِ تعمیر مدعو کیا گیا اور مہارت کی تشخیص کی سرگرمیوں کے ذریعے انھیں موقع فراہم کیا گیا کہ وہ ملک کے اعلیٰ IT پروفیشنلز سے تبادلہ خیال کر سکیں۔ مزید برآں نیٹ سول نے ایک بار پھر Throw-a-Thon کی میزبانی کی، جو کہ گزشتہ سال خاصا کامیاب رہا تھا، Ideas generation/incubation ایک انتہائی کامیاب سرگرمی تھی۔ پاکستان کے بہترین اداروں کے 100 سے زائد طلبا نے تقریباً 50 ٹیموں کے ساتھ اس سرگرمی میں حصہ لیا تھا، اس کے نتیجے میں کچھ جدید تصورات سامنے آئے جنھیں بعد میں ترقی دی گئی۔ اس سرگرمی کو تمام مقامی میڈیا نے بھرپور coverage دی۔ اس سرگرمی سے مُلک کے آئی ٹی سیکٹر کو بہت فروغ حاصل ہوا۔

ایوارڈز اور منظوری (Awards & Recognition)

نیٹ سول کو 2016 China Leasing Summit میں First-rate and Best Selling Finance & Leasing Soloution Provider کے ایوارڈ سے نوازا گیا۔ نیٹ سول مسلسل چار سالوں سے یہ ایوارڈ جیت رہا ہے۔

کارپوریٹ سماجی ذمہ داری (Corporate Social Responsibility)

مارکیٹ میں مسلسل مختلف تبدیلیاں رُونما ہوتی رہتی ہیں جو مارکیٹ میں نئے رجحانات کو پیدا کرتی ہیں، اور مارکیٹ کے مستقبل کے رجحانات کی پیشین گوئی کوئی نہیں کر سکتا۔ کمپنیاں تعلقاتِ عامہ اور اپنی اقتصادی کارکردگی کو بہتر بنانے کی حکمتِ عملی میں کارپوریٹ سماجی ذمہ داری (CSR) کو آلۂ کار کے طور پر استعمال کر سکتی ہیں۔

خاص طور پر پاکستان کے تناظر میں کمپنیاں اپنی حکمت عملی میں پائیدار اطوار کو اپنا کر ایک کنزیومر مارکیٹ تشکیل دے سکتی ہیں۔ پائیدار اطوار کو اپنا کر ایک کمپنی طویل مدت تک مارکیٹ میں اپنی موجودگی برقرار رکھ سکتی ہے۔ CSR کمپنیوں اپنے کاروبار کے ماحولیاتی، سماجی اور اقتصادی

پہلوؤں پر غور کرتے ہوئے ٹرپل بوٹم لائن (Triple Bottom Line) نقطۂ نظر کو اپنانے کی طرف مائل کرتا ہے۔ یہ کمپنیوں کے اخلاقی رویوں کو درست کرتا ہے اور معاشرے میں ایک ذمہ دار حیثیت سے اپنا کردار ادا کرتا ہے۔ پائیدار طریقوں کو اپنا کر ہی اسٹریٹیجک طاقت کو بہتر بنایا جا سکتا ہے۔ CSR کمپنی کے کارکنوں کو پابند کرتا ہے اور وہ اسٹیک ہولڈرز کے ساتھ ایک مثبت تعلقات کو برقرار رکھنے کے لیے کاروبار کے مالک اور حصص داران کے تحفظ کا باعث بنتا ہے۔

نیٹ سول پائیداری اور کمپنی کی پائیداری پر یقین رکھتا ہے، اس کا مطلب ہے کہ وہ اقتصادی، ماحولیاتی اور سماجی ترقی کی تکمیل کے لیے آئندہ نسلوں کی جانب سے ذمہ داری سے کام کرنا چاہے گی۔ نیٹ سول CSR کے اقدامات کو جلد اختیار کرنے کیلئے ذمہ داری لیتا ہے۔ پائیدار اقتصادی کارکردگی کے ساتھ ساتھ ماحولیاتی اور سماجی قیادت کاروبار کی جامع ترقی کا ایک اہم جزو ہے۔ کمپنی بنیادی تعلیم کی حمایت کرنے، صحت کی دیکھ بھال کے انفراسٹرکچر کو بہتر بنانے، لاوارث عورتوں اور بچوں کی بحالی اور پاکستانی فن وثقافت کے تحفظ کے لیے مختلف فاؤنڈیشن اور ٹرسٹ کے ساتھ مِل کر کام کرتا ہے۔ CSR نیٹ سول تعلیم، صحت، غربت کے خاتمے اور ماحولیاتی تحفظ سمیت اُن مختلف شعبوں تک جو توجہ کے طالب ہیں، اپنا یہ پروگرام لے کر جاتا ہے۔ ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے نیٹ سول سال کے دوران کمیونٹی کی فلاح و بہبود کے لیے مختلف منصوبے تشکیل دیتا ہے، ان میں کچھ درج ذیل ہیں:

کارپوریٹ خدمتِ خلق (Corporate Philanthorop)

نیٹ سول ایجوکیشن سپورٹ پروگرام (NESP)

NESP پروگرام گریڈ XII تک مستحق ملازمین کے بچوں کی تعلیمی امداد کیلئے تشکیل دیا گیا ہے۔ اس میں نیٹ سول اور اس کے ماتحت اداروں کے تمام ملازمین جو ''ایڈمن سپورٹ فنکشن'' میں کام کرتے ہیں، شامل ہیں، جو ملازمین اس پروگرام کے تحت آتے ہیں ان کے بچوں کو مراعات دی جاتی ہیں تاکہ وہ اپنے بچوں کو تعلیم اور بہتر مستقبل فراہم کر سکیں۔

فی الحال اس پروگرام سے 201 بچے مستفید ہو رہے ہیں۔ اس میں اُردو اور انگریزی میڈیم طلبا کے علاوہ کالج کے طلبا بھی شامل ہیں۔ اس پروگرام سے پاکستان بھر کے طلبا مستفید ہو رہے ہیں، اس میں کراچی تا خیر پختونخواہ سمیت، فاٹا کے علاقے، گلگت بلتستان، چترال اور آزاد کشمیر کے علاقے شامل ہیں۔ 30 جون 2016ء تک اس پروگرام کے تحت 76 ملازمین اور 110 اسکولز مستفید ہوئے۔

خدمتِ خلق کی دیگر کوشش (Additional Philanthropy Efforts)

اس کے علاوہ کمپنی نے مندرجہ ذیل اِداروں کی معاونت اور عطیات دینے میں اہم کردار ادا کیا ہے، ان میں:

- رائزنگ سن انسٹی ٹیوٹ
- برکی انسٹی ٹیوٹ
- فاروق ٹرسٹ اسکول، بہاولپور
- تہذیب الاخلاق
- سیو آور سولز (SoS) شامل ہیں۔

زلزلہ وسیلاب امدادی کارروائیاں

قدرتی آفات کے دوران کمپنی امدادی سرگرمیوں میں صفِ اوّل میں شامل رہی ہے۔ ہم نے نہ صرف مالی امداد کی بلکہ متاثرہ علاقوں میں امدادی ٹیمیں بھی روانہ کیں۔ اس سے نہ صرف متاثرہ علاقوں کے لوگوں کی مدد ہوتی ہے بلکہ دُور دراز علاقوں تک امدادی عمل کو یقینی بنایا جاتا ہے۔

اسپیشل افراد کو روزگار کی فراہمی

کمپنی خدمات کے حصول میں مساوی مواقع فراہم کرنے پر یقین رکھتی ہے۔ ہم اُن اسپیشل افراد کو جو متعلقہ علم اور مہارت رکھتے ہیں۔ روزگار کا مواقع فراہم کرتے ہیں۔ نیٹ سول کے مختلف شعبہ جات میں فی الحال تقریباً 10 اسپیشل افراد کام کر رہے ہیں ان میں مرد و خواتین دونوں شامل ہیں۔ اس کے علاوہ ہم نے دیہی اور کم مراعات یافتہ علاقوں میں رہنے والے لوگوں کے لیے جو شہروں میں رہنے والے لوگوں کی نسبت زیادہ مواقع حاصل نہیں کر پاتے، ایک کوٹہ مقرر کیا ہے۔

توانائی کی بچت (Energy Conservation)

عالمی ضروریات سے منسلک ایک ذمہ دار کارپوریٹ ادارہ کے طور پر کمپنی توانائی کی بچت کے لیے جانے والے تمام اقدامات میں بھرپور حصہ لیتی ہے۔ کمپنی سستے ذرائع سے بجلی پیدا کرنے، کم توانائی خرچ کرنے والے برقی آلات کے استعمال اور توانائی کو سمجھداری کے ساتھ استعمال کرنے کے بارے میں آگاہی کو فروغ دیا ہے۔ اس میں ایندھن کی تیزی سے بڑھتی ہوئی قیمتیں کم کرنے، بجلی کی کمی کو پورا کرنے اور تنظیمی خود انحصاری جیسے فوائد شامل ہیں۔ ہم نے سرکاری اوقات کے دوران توانائی کی بچت کے لیے درج ذیل اقدامات کیے:

- تمام غیر ضروری آلات کے سوئچز کو بند رکھنا۔
- اے سی 26 سینٹی گریڈ پر چلانا۔
- کھانے کے وقفے کے دوران (دوپہر ایک بجے سے دو بجے تک) اے سی اور لائٹس بند رکھنا۔
- کمرے یا ہال سے باہر نکلتے وقت اے سی اور لائٹس بند کرنا۔
- اس عمل کو یقینی بنایا کہ آفس ٹائم ختم ہونے کے بعد تمام کمپیوٹر سسٹمز کو باقاعدہ Shut down کیا جائے۔
- گرین آفس پروگرام کے تحت گرین IT طرز استعمال کا فروغ جس میں آلات کا درست استعمال اور خدمات کی ورچوئلائزیشن شامل ہیں۔
- آفس میں انرجی سیورز اور دیگر لائٹس کے بجائے LED لائٹس کا استعمال۔
- ڈیٹا سینٹر اور سرور (Server) کے کمرے، جہاں بجلی زیادہ استعمال ہوتی ہے وہاں ماحول دوست معیار کے مطابق ڈیزائن کرنا، تاکہ بجلی کے کم استعمال سے زیادہ ٹھنڈک حاصل کی جا سکے۔
- ویڈیو اور آڈیو (VC & AC) کانفرنسنگ کو فروغ دینا۔

ماحولیاتی تحفظ کے لیے کیے گئے اقدامات (EnvironmentalProtectionMeasure)

ہم معیشت، ماحولیاتی تحفظ اور سماجی ذمہ داری کو مدِ نظر رکھتے ہیں، کیونکہ یہ تینوں عوامل عالمی لبرل مارکیٹ میں اہم مقام رکھتے ہیں۔ ہم بطور کمپنی ٹیکنالوجی اور مینجمنٹ کے شعبوں میں علم کی منتقلی، جو کہ پائیدار ترقی کے لیے ضروری ہے، کو فروغ دیتے ہیں۔ باحیثیت کارپوریٹ سیکٹر کے ایک فرد کے اور اپنی سماجی اور ماحولیاتی ذمہ داریوں کا شعور رکھتے ہوئے، ہم اس انداز سے کام کرتے ہیں کہ ہم اپنی آنے والی نسلوں کے لیے ماحول کو محفوظ بنا سکیں، اپنے اسٹیک ہولڈرز کی صحت و سلامتی کو یقینی بنا سکیں اور کمیونٹی پر صحت مند اور مثبت اثرات مرتب کر سکیں۔

ہمارے ملازمین، شراکت دار، صارفین اور سپلائرز دُنیا کے ماحولیاتی نظام کو آنے والی نسلوں کے لیے بہتر اور محفوظ بنانے کے لیے کی جانے والی تمام کوششوں میں برابر کے شریک ہیں۔ اسی کے ساتھ ہم ماحولیاتی اثرات کو کم کرنے کے لیے اپنے تمام اسٹیک ہولڈرز کے ساتھ مِل کر کام کر رہے ہیں اور انھیں اس ضمن میں متعلقہ مصنوعات اور مسائل کا حل فراہم کر رہے ہیں۔ یہ کوشش اپنے اسٹیک ہولڈرز کی توقعات پر پورا اُترنے، بہترین کاروباری سمجھ بوجھ پیدا کرنے اور اکثر آپریٹنگ اخراجات اور کاروباری خطرات کو کم کرنے میں ممد ومعاون ثابت ہوتی ہیں۔ ہماری بھرپور کوشش ہے کہ ماحولیاتی اثرات کو کم سے کم کرتے ہوئے اپنی اقدار کی توسیع کر سکیں اور ہمارا مقصد ہے کہ ہم اپنے انتظامی نظام کو مسلسل بہتر بنائیں۔ اپنی سماجی ذمہ داری کا اِدراک رکھتے ہوئے، نیٹ سول آئی ٹی ویلیج کے احاطے میں درخت لگانے کا آغاز کر دیا ہے تاکہ اپنے اِردگرد کے ماحول کو بہتر بنایا جا سکے۔

ملازمین کے ساتھ تعلقات (Relationship With Employees)

گیمی فکیشن(Gamification)

نیٹ سول نے 2014ء میں gamification کے تصور کو اپنایا تاکہ ہمارے ملازمین روزمرہ معاملات کو پوری توجہ اور بھرپور لگن سے سرانجام دیں۔ gamification تنقیدی سوچ اور گیم مکینکس کا استعمال ہے تاکہ صارفین کو اُن کی کام کی جگہ (workplaces) میں ہی مشغول کر کے ان کے مسائل کا حل فراہم کیا جائے۔ ان techniques کے ذریعے ان میں قدرتی مقابلے، کامیابی اور حیثیت (status) کی خواہشات سے استفادہ کرنے کی کوشش کی جاتی ہے۔ گیمی فکیشن (gamification) کا تصور منیجرز کو وقت کے ساتھ ساتھ اُن کے وسائل کے مسئلہ کا حل نکالنے، فوری سوچ، وقت کا درست استعمال اور بہت سی دوسری قیادت کی ضروری خصوصیات کا جائزہ لینے میں مدد ملتی ہے۔

ڈاکٹر کی سہولت(In-house Doctor)

صحت کی دیکھ بھال سے متعلق اخراجات کو کم کرنے کے لیے اور اپنے ملازمین کی فوری طور پر صحت کی دائمی ضروریات کو پورا کرنے کے لیے نیٹ سول نے in-house ڈاکٹر اور نرسنگ اسٹاف کا بندوبست کیا ہے جو روزانہ صبح 9 بجے سے شام 5 بجے تک موجود ہوتے ہیں۔

فائر اینڈ سیفٹی اسٹاف(Fire and Safety Staff)

نیٹ سول ہر وقت اپنے ملازمین اور املاک کی حادثات سے بچاؤ کے لیے ہمہ وقت تیار رہتا ہے۔ اسی بات کو ذہن میں رکھتے ہوئے ہمارا فائر اینڈ سیفٹی اسٹاف ہمارے ملازمین کو معیاری تعلیم و تربیت فراہم کرتا ہے۔ ہمارا آگ بجھانے والے عملہ ملازمین کی حفاظت کے طریقوں میں مہارت حاصل کرنے کے لیے باقاعدہ مشقوں کا انعقاد کرتے ہیں۔

عمرہ قرعہ اندازی(Umrah Draws)

نیٹ سول ہر سال قرعہ اندازی کے ذریعے اپنے ملازمین کو عمرہ کی ادائیگی کے لیے بھیجتا ہے۔ 2016ء میں کمپیوٹرائزڈ بیلٹ کے ذریعے کمپنی کے چار ملازمین مع ایک ایک فیملی ممبر عمرہ کی ادائیگی کے لیے کمپنی کے خرچہ پر بھیجے گئے۔

مفت کھانا اور جمنازیم(Free Lunch and Gymnasium)

کمپنی کے اندر ایک کیفے ٹیریا بھی موجود ہے جہاں تمام اسٹاف کو کمپلیمنٹری لنچ (اعزازی کھانا) فراہم کیا جاتا ہے اور ایک ہی طرح کا کھانا مینجمنٹ اور سپورٹ عملہ سمیت دیگر ملازمین کو فراہم کیا جاتا ہے۔ یہ سہولت کمپنی کے دیگر علاقائی دفاتر میں بھی موجود ہے۔ کمپنی نے اِن ڈور گیمز کے لیے ایک اسپورٹس کمپلیکس بھی تعمیر کیا ہے۔ ان گیمز میں ٹیبل ٹینس، سنوکر اور فٹ بال وغیرہ شامِل ہیں۔ جمنازیم میں ملازمین کی Fitness کے لیے سازوسامان بھی موجود ہے۔

صحت آگاہی مذاکرات، تربیت اور دیگر اقدامات (Health talks, trainings and similar Initiatives)

ملازمین اور محنت کش طبقے میں صحت سے متعلق آگاہی کے لیے باقاعدہ مذاکرات کا اِنعقاد کیا جاتا ہے۔ ملازمین میں ان سنگین بیماریوں کی علامات کے حوالے سے آگاہی فراہم کی جاتی ہے جو دفاتر میں طویل وقت تک کام کرنے سے رُونما ہوتی ہیں۔ ایک شعوری کوشش کے طور پر تربیت بھی فراہم کی جاتی ہے جیسے Breathing Sessions وغیرہ، یہ ملازمین کو Relax رکھنے میں بہت مددگار ثابت ہوتا ہے۔ نیٹ سول کے سابق PCB Trainer یاسر محمود خواتین میں صحت اور Fitness کی اہمیت کو اُجاگر کرنے کے لیے تربیتی پروگرامز کا انعقاد کرتے رہتے ہیں۔ یہ جامع تربیتی پروگرامز اس لیے ترتیب دیئے جاتے ہیں تاکہ کام کرنے والی خواتین (Working Women) میں غذا کے استعمال اور صحت سے متعلق آگاہی پیدا کی جائے۔ ان میں سے ایک سیشن (Session) آسٹیوپوروسس (Osteoporosis) کی روک تھام کے لیے وٹامن ڈی اور کیلشیم کے باقاعدہ استعمال پر توجہ مرکوز کرنے کے لیے منعقد کیا جاتا ہے۔

پک اینڈ ڈراپ اور ڈے کیئر کی سہولت(Pick & Drop and Day Care Facility)

خواتین کی حوصلہ افزائی کے لیے تاکہ وہ بھی مُلک کی ترقی میں بھرپور حصہ لیں، کمپنی خواتین عملے کو پک اینڈ ڈراپ کی سہولت مہیا کرتی ہے۔ یہ سہولت نہایت رعایتی شرح سے ان کی دہلیز پر فراہم کی جاتی ہے۔ مزید برآں ڈے کیئر کی سہولت بھی رعایتی نرخوں پر مرد اور خواتین ملازمین دونوں کے لیے فراہم کی جاتی ہے۔ تربیت یافتہ ہنرمند اساتذہ کا ایک گروپ باقاعدگی سے بچوں کی تعلیم اور تربیت کے مرکز کا دورہ کرتا ہے۔ نیٹ سول اپنے ملازمین کے بچوں کو اپنی مشترکہ ذمہ داری تصور کرتا ہے۔

مرد ملازمین کے یے موٹرسائیکل کی فراہمی(Bikes for Male Employees)

کمپنی نے مرد ملازمین کے لیے موٹرسائیکل خریدنے کا پروگرام شروع کیا ہے۔ اس پروگرام کے تحت ملازمین کو یہ سہولت فراہم کی جاتی ہے کہ وہ آسان اقساط پر موٹر بائیک خرید سکیں، جب کہ رقم کی ادائیگی کا بڑا تناسب کمپنی ادا کرتی ہے۔

عید کے تحائف (Eid Gifts and giveaway)

عید اور دیگر خاص موقعوں پر ملازمین کو عید کے تحائف اور مختلف انعامات سے بھی نوازا جاتا ہے۔

کاروباری اخلاقیات اور کرپشن کی روک تھام کے طریقے (Business Eithics and Anti-Corruption Measures)

نیٹ سول تسلسل سے ایسی سرگرمیوں کا اِنعقاد کرتا ہے تاکہ اس امر کو یقینی بنایا جائے کہ ملازمین ضابطۂ اخلاق کے اندر رہ کر کام کریں۔ انتظامیہ نے ایک ضابطۂ اخلاق ترتیب دیا ہے اور اس کو بورڈ کی جانب سے منظور کر لیا گیا ہے۔ اس ضابطۂ اخلاق (COC) پر تمام ڈائریکٹرز، سینئر انتظامیہ اور ملازمین کے دستخط موجود ہیں۔ صارفین، سپلائرز اور ریگولیٹرز کے تعلقات کے حوالے سے ان رولز (Rules) پر عمل کرنے کی ضرورت ہے۔ تمام اِدارے میں ضابطۂ اخلاق پر

سختی سے عمل درآمد کیا جاتا ہے۔ کمپنی میں کرپشن ناقابلِ برداشت فعل ہے۔ ملازمین کی اس حوالے سے حوصلہ افزائی کی جاتی ہے کہ اگر وہ کمپنی میں کوئی فراڈ یا کرپشن ہوتی دیکھیں تو وہ براہِ راست یا بالواسطہ آڈٹ کمیٹی سے رابطہ کریں۔ اس مقصد کے لیے کمپنی کے اندر نمایاں مقامات پر شکایات بکس(Drop Boxes) رکھے گئے ہیں۔

قومی خزانے میں تعاون(Contribution to National Exchequer)

کمپنی نے ہمیشہ بروقت اور بلا تاخیر تمام حکومتی ٹیکس ادا کر کے اپنی ذمہ داری کا مظاہرہ کیا ہے، 30 جون 2016ء کو ختم ہونے والے مالی سال میں کمپنی نے جنرل سیلز ٹیکس (GST)، انکم ٹیکس اور دیگر سرکاری لیویز ادا کر کے قومی خزانے میں اپنا نیاز مندانہ حصہ ڈالا ہے۔

تفصیل(Description)	روپے(000)
انکم ٹیکس	16,294
سیلز ٹیکس	16,228
ودہولڈنگ ٹیکس	143,313

نیٹ سول انسٹی ٹیوٹ(ICAN)
(Institute for Corporate Advancement at Netsol)

نیٹ سول میں بہترین لرننگ مینجمنٹ سسٹم (Learning Management System) موجود ہے۔ اعلیٰ کوالٹی کی ٹریننگ کے حصول کے لیے تین ٹریننگ رومز، ایک ریکارڈنگ اسٹوڈیو اور ضروری ڈھانچہ موجود ہے۔

ICAN کے سہولت کاروں (Facilitators) نے رواں سال کے دوران کلاس روم نشست میں 90 سے زائد مختلف موضوعات پر لیکچرز دیئے۔ موضوعات کی درجہ بندی میں ٹیکنیکل پروگرامنگ اور عمومی نوعیت کے موضوعات شامل تھے مثلاً H S E، لینگوئج (Language)، کمیونیکیشن (Communication) اور مینجمنٹ (Management)۔ منتخب موضوعات میں 868 شرکاء کو 169 کلاس sessions میں ایک یا ایک سے زائد sessions میں شریک ہونے میں معاونت کی گئی۔ ہر نیا کارکن خصوصی طور پر ڈیزائن کیے گئے پروگرام میں لازمی شریک ہوتا ہے، یہ پروگرام اسے اس قابل کرتا ہے کہ وہ اپنے متعلقہ ڈومین نالج، آلات اور طریقۂ کار کے متعلق آگاہی حاصل کرے۔ بہت سی اسپیشلائزڈ لرننگ کی ضروریات کے پیشِ نظر، کئی اسٹاف ممبرز کا آن لائن پروگرامز میں اندراج ہے تاکہ وہ عالمی نالج پول تک رسائی حاصل کرسکیں۔ مندرجہ بالا کورسز کے علاوہ ICAN بیرونی تربیت (External Trainings) سرٹیفکیشن اور 213 افراد کے امتحانات بشمول وسیع ترین مہارت کی جانب پیش قدمی کر رہا ہے۔ نیٹ سول اس سال ACCA سے منظور شدہ آجر کی حیثیت بھی حاصل کر چکا ہے۔ ACCA سے تعلق ہمارے کاروباری تجزیہ کاروں، اکاؤنٹس اور مالیات کے ماہرین کے علم اور نیٹ ورک میں اضافے کا باعث ہوگا۔

کارپوریٹ گورننس کے ضابطے کی تعمیل (Compliance with Code of Corporate Governance)

ہم کسی بھی رعایت کے بغیر اچھی کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے مصروفِ عمل ہیں۔ ڈائریکٹرز کو یہ بات بتاتے ہوئے خوشی محسوس ہوتی ہے کہ آپ کی کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے متعارف کردہ اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی جانب سے منظور شدہ کوڈ آف کارپوریٹ گورننس کی دفعات کے عین مطابق کام کر رہی ہے۔ کوڈ آف کارپوریٹ گورننس کی تعمیل کا گوشوارہ (Statement) بھی سالانہ رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک (Corporate & Financial Reporting Framework)

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے (Financial Statements) کے مطابق کمپنی کے تمام معاملات، رقم کا بہاؤ (Cash Flow) اور ایکوئٹی میں تبدیلی بالکل درست ہیں۔
- کمپنی کی اکاؤنٹس بکس کو اچھے طریقے سے تیار کیا گیا ہے۔
- موزوں ترین اکاؤنٹنگ پالیسیاں مستقل طور پر مالیاتی گوشوارے کی تیاری میں لاگو کی جاتی ہیں اور اکاؤنٹنگ کے تخمینہ جات مناسب اور درست فیصلے پر منحصر ہوتے ہیں۔
- بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں نافذ العمل ہیں، کو مالیاتی گوشواروں کی تیاری کے لیے لاگو کیا جاتا ہے۔
- اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور موثر طریقے سے اس پر عمل درآمد اور نگرانی کی جارہی ہے۔
- کمپنی کی صلاحیت کے بارے میں اس حوالے سے کوئی شبہ نہیں کہ یہ چلتا ہوا کاروباری ادارہ ہے۔
- کارپوریٹ گورننس کے بہترین طریقہ کار، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے، کی کوئی خلاف ورزی نہیں کی گئی ہے۔
- گزشتہ 6 سال کی کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصہ کی شکل میں منسلک کر دیا گیا ہے۔
- 30 جون 2016ء تک ٹیکسز، ڈیوٹیز، لیویز اور بقایاجات کی مد میں کوئی قانونی ادائیگیاں موجود نہیں ہیں ماسوائے وہ جو مالیاتی گوشوارے (Financial Statements) میں ظاہر کردی گئی ہیں۔
- پرویڈنٹ فنڈز انوسٹمنٹ کی مالیت 30 جون 2016ء تک 392.4 ملین روپے تھی۔ (30 جون 2015ء: 315.6 ملین روپے)
- کسی مادی یا دیگر تبدیلی سے کمپنی کی مالی پوزیشن متاثر نہیں ہوئی ہے جو کہ مالی سال کے آخر میں رُونما ہوئیں جو کہ بیلنس شیٹ سے متعلق اور ڈائریکٹرز رپورٹ کی تاریخ سے ہے۔

ڈائریکٹرز کے انتخابات(Election of Directors)

21 دسمبر 2015ء کو غیر معمولی اجلاس عام میں نیٹ سول کے بورڈ آف ڈائریکٹرز کے الیکشن کا انعقاد ہوا۔ کمپنیز آرڈیننس 1984 کی دفعات 178 اور 180 اور کمپنیز آرٹیکلز آف ایسوسی ایشن کے آرٹیکلز 70 کے مطابق بورڈ نے ڈائریکٹرز کی تعداد 7 مقرر کی تھی چونکہ ارکان کی تعداد، جنہوں نے انتخاب میں حصہ لینے کے لئے اپنی رضامندی ظاہر کی وہ بورڈ آپ ڈائریکٹر کی مقرر کردہ تعداد کے برابر ہیں، سیکورٹیز اینڈ ایکسچینج کمیشن سے حاصل کردہ رائے کے مطابق غیر معمولی اجلاس عام کو منسوخ کر دیا گیا اور ساتوں امیدواران کو منتخب ارکان بورڈ تصور کیا گیا۔ اس کے نتیجے میں مندرجہ ذیل بورڈ تین سال کی مُدّت کے لیے جو کہ یکم جنوری 2016ء سے شروع ہوا قائم کیا گیا تھا۔

i۔ جناب انوار حسین
ii۔ جناب شاہد جاوید برکی
iii۔ جناب نجیب اللہ غوری
iv۔ جناب عمر شہاب غوری
v۔ جناب وسیم انور
vi۔ جناب سلیم اللہ غوری
vii۔ جناب شہاب الدین غوری

جناب سلیم اللہ غوری کو نئے کوڈ آف کارپوریٹ گورننس 2012ء اور کمپنیز آرڈیننس 1984ء کی دفعہ 199 کے مطابق تین سال کی مدت کے لیے کمپنی کے چیف ایگزیکٹو کے طور پر دوبارہ تقرر کیا گیا تھا۔ نیا بورڈ زندگی کے مختلف شعبوں سے متعلق رکھنے والے افراد بشمول سپانسرز، تاجروں اور ماہرِ اقتصادیات پر مشتمل ہے۔ بورڈ نے جناب فدا حسین (مرحوم) کی اِنتہائی گراں قدر خدمات پر انھیں خراجِ تحسین بھی پیش کیا۔

آڈٹ کمیٹی (Audit Committee)

کوڈ آف کارپوریٹ گورننس کے ساتھ عمل میں آنے والے بورڈ آف ڈائریکٹرز نے مندرجہ ذیل 3 ارکان پر مشتمل ایک آڈٹ کمیٹی قائم کی ہے۔

ڈائریکٹر کا نام	متبادل ڈائریکٹر کا نام	عہدہ جات
جناب وسیم انور	N/A	چیئرمین/انڈیپینڈنٹ ڈائریکٹر
جناب نجیب اللہ غوری	N/A	ممبر/نان ایگزیکٹو ڈائریکٹر
جناب انوار حسین	N/A	ممبر/انڈیپینڈنٹ ڈائریکٹر

آڈٹ کمیٹی نے تمام سہ ماہی، ششماہی اور سالانہ مالیاتی گوشوارے بورڈ آف ڈائریکٹرز کو جمع کرانے سے پہلے ان کا جائزہ لیا اور اسے منظوری کے ساتھ ساتھ اشاعت کی منظوری بھی دے دی۔

ہیومن ریسورس اینڈ ریمونریشن کمیٹی (Human Resource and Remuneration Committee)

کوڈ آف کارپوریٹ گورننس کے ساتھ عمل میں آنے والے بورڈ آف ڈائریکٹرز نے مندرجہ ذیل تین ارکان پر مشتمل ایک ہیومن ریسورس اینڈ ریمونریشن کمیٹی قائم کی ہے:

ڈائریکٹر کا نام	عہدہ
جناب نجیب اللہ غوری	چیئرمین/نان ایگزیکٹو ڈائریکٹر
جناب شاہد جاوید برکی	ممبر/انڈیپینڈنٹ ڈائریکٹر
جناب سلیم اللہ غوری	ممبر/ایگزیکٹو ڈائریکٹر

کمیٹی بورڈ کو انتخاب، تشخیص اور اہم اِنتظامی عہدوں کے معاوضے کے حوالے سے اپنی سفارشات دیتی ہے۔

بورڈ کے اجلاس میں حاضری (Attendance at Board Meeting)

رواں 30 جون 2016ء کو ختم ہونے والے سال کے دوران بورڈ کے 05 اجلاس ہوئے۔ شرکاء کی حاضری درج ذیل ہیں:

ڈائریکٹر کا نام	متبادل ڈائریکٹر کا نام	میٹنگز کی تعداد
جناب شہاب الدین غوری	N/A	05
جناب سلیم اللہ غوری	N/A	05
جناب وسیم انور	N/A	05
جناب نجیب اللہ غوری	جناب رحمت اللہ غوری •••	05
جناب شاہد جاوید برکی	N/A	02
جناب عمر غوری	N/A	05
جناب فدا حسین •	N/A	00
جناب انوار حسین ••	N/A	03

• سال کے دوران انتقال
•• سال کے دوران منتخب
••• یکم جنوری 2016ء کو متبادل ڈائریکٹر کے طور پر ریٹائر ہوئے۔
ان ممبرز کو رخصت عنایت کی گئی جو اجلاسوں میں شرکت نہ کر سکے۔

آڈٹ کمیٹی کی میٹنگ میں حاضری (Attendance at Audit Committee Meeting)

رواں 30 جون 2016ء کو ختم ہونے والے سال کے دوران آڈٹ کمیٹی کے 05 اجلاس ہوئے۔ شرکاء کی حاضری درج ذیل ہیں:

ممبر کا نام	متبادل ممبر کا نام	اجلاس کی تعداد
جناب نجیب اللہ غوری	جناب رحمت اللہ غوری •••	05
جناب وسیم انور	N/A	05
جناب فدا حسین •	N/A	00
جناب انوار حسین ••	N/A	02

• سال کے دوران انتقال
•• سال کے دوران منتخب
••• یکم جنوری 2016ء کو متبادل ڈائریکٹر کے طور پر ریٹائر ہوئے۔
ان ممبرز کو رخصت عنایت کی گئی جو اجلاسوں میں شرکت نہ کر سکے۔

ڈائریکٹرز کا تربیتی پروگرام (Director's Tranining Program)

تربیت کی ضرورت کی تکمیل کے عمل میں تمام بورڈ ممبرز نے ''ڈائریکٹر ٹریننگ پروگرام'' مکمل کر لیا ہے۔ ڈائریکٹرز میں سے ایک پہلے سے ہی پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) سے ''سرٹیفکیٹ آف ڈائریکٹرز ایجوکیشن'' حاصل کر چکے ہیں۔ بورڈ کے تین ارکان پاکستان اسٹاک ایکسچینج کے ضابطے کی شق 5.19.7 میں متعین کردہ معیار کے مطابق مستثنیٰ ہیں۔

رواں سال کے دوران باقی تین ڈائریکٹرز نے PICG کے ڈائریکٹرز ٹریننگ پروگرام میں شرکت کی۔ ان میں سے دو کو مالی سال کے اختتام سے قبل سرٹیفکیٹس موصول ہو گئے جبکہ ایک ڈائریکٹر کا سرٹیفکیٹ 30 جون 2016ء تک زیرِ التوا تھا۔

ایمپلائز سٹاک آپشن سکیم(Employee Stock Option Scheme)

یکم اگست 2009ء کو کمپنسیشن کمیٹی(Compensation Committee) نے 4.35 ملین اسٹاک آپشن اپنے ملازمین کو 16.42 روپے فی گرانٹ آپشن کے حساب سے عطا کیے۔ آپشنز (options) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے منظور شدہ ایمپلائز اسٹاک آپشن اسکیم کے تحت دیئے گئے۔ مالی سال 2016ء کے آخر تک گرانٹ آف آپشنز کے بعد سے 90 فیصد گرانٹڈ آپشن قابلِ عمل بن چکے تھے۔

ایمپلائز اسٹاک آپشن رولز 2001ء کی دفعہ 12 کی ضروریات کے مطابق 30 جون 2016ء کو ختم ہونے والے مالی سال کے دوران آپشنز گرانٹیڈ سے متعلق vested یا exercised کے حوالے سے درج ذیل انکشافات دیئے گئے:

i۔ کمپنی اپنے ملازمین کو 4,350,000 آپشنز دے چکی ہیں۔

ii۔ آپشنز کی Exercise Price کا تعین 20 فیصد رعایتی آپشن کی گرانٹ کی تاریخ پر کراچی اسٹاک ایکسچینج میں کمپنی کے حصص کی ایک ماہ کی اوسط حصص سے کیا جاتا ہے۔

iii۔ 90 فیصد گرانٹڈ آپشنز 30 جون 2016ء کو ختم ہونے والے مالی سال کے آخر تک vested تھی۔

iv۔ 30 جون 2016ء تک ملازمین نے 3,262,000 آپشنز استعمال کیے اور کمپنی کو اس مد سے 53.56 ملین روپے موصول ہوئے تھے۔

v۔ ملازمین کی جانب سے آپشنز کے استعمال کی وجہ سے 30 جون 2016ء کو ختم ہونے والے مالی سال کے دوران 108,000 نئے حصص جاری کیے گئے۔ 30 جون 2016ء تک ملازمین کی اسٹاک آپشن سکیم کی مد میں جاری کُل حصص 3,262,000 ہیں۔

vi۔ کوئی آپشنز سال کے دوران lapse نہیں ہوا۔

vii۔ حصص یافتگان اور SECP کی جانب سے منظور شدہ سکیم میں کوئی تبدیلی نہیں کی گئی۔

viii۔ درج ذیل آپشنز کمپنی کے سینئر اِنتظامی کیڈر ملازمین کو دیئے گئے:

عہدہ	گرانٹڈ آپشنز کی تعداد
چیف ایگزیکٹو آفیسر	250,000
چیف آپریٹنگ آفیسر	100,000
چیف فنانشنل آفیسر	100,000

مندرجہ بالا اعدادوشمار کے سوا، کسی ملازم کو ایک سال کے دوران 5 فیصد یا زیادہ کمپنی کی جاری کردہ سرمایہ کے ایک فیصد یا اس سے زیادہ آپشنز نہیں دیئے گئے۔

ہولڈنگ کمپنی(Holding Company)

نیٹ سول ٹیکنالوجیز انکورپوریٹڈ، 24025 پارک سورنٹو، سویٹ 410، کیلابساس کیلیفورنیا 91302، امریکہ، کو کمپنی کے حصص کی اکثریت حاصل ہے۔

آڈیٹرز(Auditors)

موجودہ ایکسٹرنل آڈیٹرز میسرز کبانی اینڈ کمپنی' چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

ایکسٹرنل آڈیٹرز نے تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنس آف پاکستان(ICAP) نے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش ریٹنگ (Rating) دی ہے۔

انھوں نے مزید کہا ہے کہ ان کی فرم اِنٹرنیشنل فیڈرشن آف اکاؤنٹنٹس (IFAC) ICAP کی جانب سے منظور شدہ ضابطہ اخلاق پر مشتمل گائیڈ لائنز کی مکمل پاسداری کی ہے جو کہ (ICAP) کی جانب سے رائج کی گئی تھیں۔ ایکسٹرنل آڈیٹرز کو دیگر خدمات فراہم کرنے پر مامور نہیں کیا گیا ہے، علاوہ اس کے جو لِسٹنگ ضوابط (Listining Regulations) کے مطابق ہیں۔

بورڈ 30 جون 2017ء کو ختم ہونے والے سال کے لیے ان کی دوبارہ تقرری کی سفارش کرتا ہے۔ جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا گیا ہے۔

کلیدی آپریٹنگ اور مالی اعدادوشمار (Key Operating and Financial Data)

کلیدی آپریٹنگ اور گزشتہ چھ سال کے مالی اعدادوشمار بھی سالانہ رپورٹ کے ساتھ لگا دیئے گئے ہیں۔

شیئرہولڈنگ کے پیٹرن(Pattern of Shareholding)

کمپنیز آرڈیننس 1984ء کی دفعہ 236 کے تحت حصص دران کے حصص کا نمونہ بشمول کوڈ آف کارپوریٹ گورننس کی معلومات بمطابق 30 جون 2016ء تک لگا دیئے گئے ہیں۔

اعتراف(Acknowledgement)

بورڈ آف ڈارئریکٹرز کمپنی کے حصص یافتگان، قابلِ قدر صارفین، سرکاری اداروں اور مالیاتی اداروں کی طرف سے حمایت کے لیے ان کی تعریف کرتا ہے اور خراجِ تحسین پیش کرتا ہے۔ بورڈ کمپنی کے تمام ایگزیکٹوز اور اسٹاف ممبرز کا ان کی خدمات، وفاداری اور ان کی مسلسل کوششوں کی قدر کرتا ہے اور انھیں بھی خراجِ تحسین پیش کرتا ہے اور اُمید کرتا ہے کہ مستقبل میں بھی ان کی مخلصانہ کوششیں جاری وساری رہیں گی۔

ازطرف بورڈ آف ڈائریکٹرز

سلیم اللہ غوری
(چیف ایگزیکٹو آفیسر)

لاہور
مورخہ: 8 ستمبر 2016ء

LEADERSHIP

Every one of you can be a leader.

CLIENT INTERESTS

Our clients' success is our success. We take care of our clients and partners as our top priority.

PEOPLE

We value the best people, second to none.

ONE GLOBAL TEAM

We work with our global subsidiaries and employees as one team, one goal, and one vision.

RESPECT AND HUMILITY

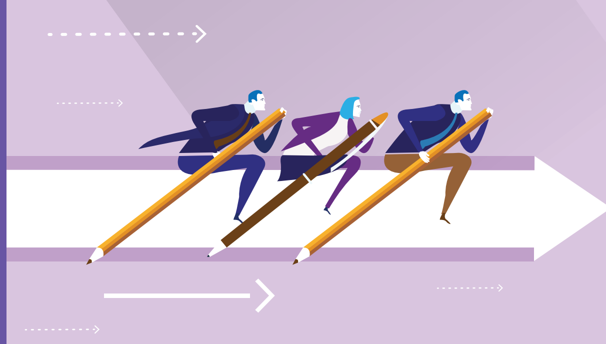
As we are a global Company, we respect every culture, race, gender, religion, and embrace the challenges that come with such diversity. We always demonstrate humility and respect with our colleagues.

HONESTY AND INTEGRITY

Our value of honesty and integrity is the foundation of our reputation and of the way we do business. These are given and assumed core values in our employees. In addition to the personal integrity that each of us brings to our work, we need to demonstrate organizational integrity – ensuring that all of our combined efforts align with our values and commitments.

TEAMWORK

We work together, building strong partnerships and relationships with our colleagues. We believe in proactively seeking out different perspectives and breaking down silos. This is our biggest asset to Teamwork.



EMPLOYEES FIRST CULTURE

As an organization, the employees' well-being is our first priority and our pride.

Our Core Values

LEADERSHIP

Every one of you can be a leader.

PEOPLE

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Definitions

"Honesty" – telling the truth and acting without stealing, fraud or breach of laws.

"Integrity" – adherence to the Code of Business Ethics.

Code of Conduct

Uncompromising integrity and professionalism have been the cornerstones of NetSol business since its inception. In all that we do, we support and uphold a set of core values and principles. Our future growth depends on each of us understanding these values and principles and continuously demonstrating the uncompromising integrity that is the foundation of our company.

The Code of Conduct sets forth the standard for how we work together to develop and deliver product, how we protect the value of NetSol and how we work with customers, suppliers and others. All of us at NetSol must abide by the Code while conducting any official business.

The Code affirms our six principles of conduct:

- All directors and employees and other personnel must observe the laws and regulations in letter and spirit
- NetSol does not permit bribery in any form while dealing with company's business
- NetSol requires competition in the marketplace and compliance with anti-trust and competition rules
- All employees and personnel must maintain the confidentiality of price sensitive information
- Directors, management, other employees and personnel must not use price sensitive/inside information for their personal advantage
- All employees of the company and other personnel should avoid situations where personal interests could conflict, or appear to conflict, with the interests of their employer
- Company assets and property to be used only for the benefit of the Company

KABANI & COMPANY

CHARTERED ACCOUNTANTS

INDEPENDENT ASSURANCE REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH EMPLOYEES SHARE OPTION SCHEME

Scope of our work

We have performed an independent assurance engagement of Netsol Technologies Limited (the Company) to express an opinion on the annexed Statement of Compliance (the Statement) with the requirements of Employees Share Option Scheme (the Scheme), as approved by the shareholders of the Company, and the Public Companies (Employees Stock Option Scheme) Rules, 2001 (the Rules) as of June 30, 2016. Our engagement was carried out as required under Rule 14 of the Rules issued by the Securities and Exchange Commission of Pakistan vide SRO 300(I) 2001 dated May 11, 2001.

Responsibility of Company's Management

The responsibility for the preparation of the Statement (the subject matter information) and for compliance with the requirements of the Scheme and the Rules is that of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control to ensure compliance with the requirements of the Scheme, as approved by the shareholders of the Company, and the Rules (Scheme and Rules together being the 'Criteria').

Responsibility of Independent Assurance Provider

Our responsibility is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000). This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the annexed Statement reflects the status of Company's compliance with the Scheme and the Rules (the Criteria).

The procedures selected depend on our judgment, including an assessment of the risks of material non-compliances with the requirements of the Scheme and the Rules. In making those risk assessments; we have considered internal controls relevant to the Company's compliance with the Scheme and the Rules in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Company was not materially non-compliant with the Scheme and the Rules. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Our procedures applied to the selected data primarily comprised:

- Verifying that only permanent employees have participated in the Scheme in compliance with the Rules.
- Verifying that variation, if any, in the terms of Scheme has been approved by passing a special resolution in the general meeting.
- Verifying that the share options granted, vested, lapsed, surrendered or exercised under the Scheme have been recorded in the books of accounts in accordance with the requirements of the Rules.
- Ensuring that adequate disclosures have been made in respect of the Scheme in the annual report as required under the Rules.

Conclusion

In our opinion, the annexed Statement, in all material respects, presents fairly the status of the Company's compliance with the Scheme and the Rules as of June 30, 2016.

Kabani & Company
Chartered Accountants
Lahore: September 08, 2016
Engagement Partner: Younus Kamran

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KABANI & COMPANY

CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Netsol Technologies Limited ("the Company")** for the year ended June 30, 2016, to comply with the requirements of Listing Regulation No. 35 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Kabani & Company
Chartered Accountants
Lahore: September 08, 2016
Engagement Partner: Younus Kamran

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Statement of Compliance with the Code of Corporate Governance

For the Year Ended June 30, 2016

The Statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.23 of listing regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Vaseem Anvar Mr. Shahid Javed Burki Mr. Anwaar Hussain
Executive Directors	Mr. Salim Ullah Ghauri Mr. Omar Shahab Ghauri
Non-Executive Directors	Mr. Najeeb Ullah Ghauri Mr. Shahab-ud-Din Ghauri

   The independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as defaulter by that stock exchange.

4. A casual vacancy occurred on the board on 19-10-2015 due to the sad demise of Mr. Fida Hussain which was duly filled in accordance with the relevant law and regulations.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Four of the directors have completed their training program from Pakistan Institute of Corporate Governance. The remaining three are exempt from the training as per criteria specified in clause 5.19.7 of the Pakistan Stock Exchange Regulations.

10. There were no new appointments of CFO, Company Secretary or Head of Internal Audit, or any change in the terms and conditions of their employment during the year.

11. The directors' report for the year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval by

the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three members, of whom two are independent and one non-executive director. The Chairman of the committee is an independent director.

16. Meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the company, as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises of three members, including the chief executive. One member is non-executive Director and other one member is independent director. Chairman of the committee is also a non-executive director.

18. The board has set up an effective internal audit function. Members of the internal audit department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. Statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim or final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to the directors, relevant employees and stock exchange.

22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Director:

Salim Ullah Ghauri
Cheif Executive Offices

Lahore
September 08, 2016

Pattern of Shareholding

As at June 30, 2016

No. Of Shareholders	From	To	Total
510	1	100	14,886
569	101	500	193,898
416	501	1000	347,699
823	1001	5000	1,954,780
177	5001	10000	1,353,174
53	10001	15000	696,656
34	15001	20000	596,504
19	20001	25000	441,253
13	25001	30000	364,250
9	30001	35000	302,000
4	35001	40000	155,450
7	40001	45000	304,000
11	45001	50000	546,442
7	50001	55000	376,604
5	55001	60000	289,501
2	60001	65000	126,500
5	65001	70000	336,720
2	70001	75000	145,899
6	75001	80000	472,500
1	80001	85000	85,000
1	85001	90000	90,000
8	95001	100000	798,000
1	105001	110000	110,000
3	120001	125000	368,956
2	135001	140000	275,500
1	145001	150000	150,000
1	150001	155000	150,500
1	160001	165000	165,000

No. Of Shareholders	From	To	Total
1	165001	170000	170,000
1	170001	175000	175,000
1	185001	190000	190,000
3	195001	200000	600,000
2	205001	210000	417,597
1	215001	220000	220,000
1	220001	225000	224,400
1	245001	250000	250,000
1	260001	265000	262,500
1	295001	300000	300,000
1	350001	355000	352,000
1	370001	375000	373,000
1	420001	425000	425,000
1	445001	450000	450,000
1	485001	490000	485,109
1	495001	500000	500,000
1	605001	610000	608,040
1	610001	615000	611,403
1	945001	950000	949,195
1	1225001	1230000	1,228,210
1	1515001	1520000	1,520,000
1	2510001	2515000	2,512,700
1	2820001	2825000	2,820,150
1	2955001	2960000	2,957,290
1	6635001	6640000	6,636,909
1	10445001	10450000	10,450,000
1	42250001	42255000	42,254,248
2,721			89,154,423

Information required as per Code of Corporate Governance

As at June 30, 2016

S.No.	Catagories of Share Holders	Number of Share-holders	Shares Held	% of Capital	Total
1	Directors, CEO & their Spouse and minor childern:				
	Mr. Salim Ullah Ghauri	1	949,195	1.06	
	Mr. Shahab-ud-Din Ghauri	1	509	0.00	
	Mr. Najeeb Ullah Ghauri	1	485,109	0.54	
	Mr. Shahid Javed Burki	1	56,764	0.06	
	Mr. Vaseem Anvar	1	550	0.00	
	Mr. Omar Shahab Ghauri	1	99,559	0.11	
	Mr. Anwaar Hussain	1	526	0.00	1,592,212
2	Associated Companies, undertakings and related parties				
	NetSol Technologies Inc.	1	59,341,157	66.56	59,341,157
3	Executives	1	90,000	0.10	90,000
4	Banks, DFI & NBFC, Insurance Co.,Takaful, Modaraba and Pension Funds				
	Banks and Financial Institutions	2	2,588,700	2.90	
	Insurance Companies	1	7,150	0.01	
	Modarabas	1	5,000	0.01	
	Investment Companies	6	4,012,322	4.50	
	Pension Funds	3	250,000	0.28	6,863,172
5	Public Sector Cos. & Corporation	32	1,555,645	1.74	1,555,645
6	Mutual Funds				
	POLUNIN FUNDS [1500-0]	1	608,040	0.68	
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	1,520,000	1.70	
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	190,000	0.21	
	CDC - TRUSTEE APF-EQUITY SUB FUND	1	40,000	0.04	
	CDC - TRUSTEE APIF - EQUITY SUB FUND	1	40,000	0.04	
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	45,000	0.05	
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	208,000	0.23	
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	262,500	0.29	2,913,540
7	General Public				
	Local	2,659	16,798,697	18.84	16,798,697
	Total	2,721		100	89,154,423

Shareholders holding five percent or more voting interest in the Company

NetSol Technologies Inc.	59,341,157	66.56

Trading in shares during the year 2016

No trade in the shares of the Company was carried out by the CEO, Directors,CFO, Company Secretary their spouses and minor children during the year except the following:

Directors
Mr. Shahab-ud-Din Ghauri, Non-Executive Director purchased and sold 94,000 shares.

Executives
Mr. Boo-Ali, CFO/Company Secretary purchased 90,000 shares through exercise of options.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

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KABANI & COMPANY

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NetSol Technologies Limited (the 'Company')** as at **June 30, 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:
   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Kabani & Co.

Kabani & Company
Chartered Accountants
Lahore: September 08, 2016
Engagement Partner: Younus Kamran

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Balance Sheet

As at June 30, 2016

	NOTE	2016	2015
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	**2,203,006**	2,412,894
Intangible assets	6	**2,195,996**	2,511,297
		4,399,002	4,924,191
Long term investments	7	**32,455**	15,188
Long term deposits		**1,600**	1,600
		4,433,057	4,940,979
CURRENT ASSETS			
Trade debts	8	**1,198,056**	448,668
Excess of revenue over billing	9	**618,020**	367,994
Loans and advances	10	**24,732**	9,308
Trade deposits & short term prepayments	11	**23,672**	24,082
Other receivables	12	**148,427**	25,270
Due from related parties	13	**20,068**	107,508
Taxation - net	14	**31,688**	36,168
Cash & bank balances	15	**108,473**	447,595
		2,173,136	1,466,593
TOTAL ASSETS		**6,606,193**	6,407,572

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

	NOTE	2016	2015
		Rupees in '000'	
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	16	**1,500,000**	1,500,000
Issued, subscribed and paid-up capital	16	**891,544**	890,464
Share deposit money		**1,490**	13
Reserves	17	**4,443,382**	4,390,487
		5,336,416	5,280,964
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	18	**37,064**	20,730
Deferred Income	19	**-**	10
Long term Advances	20	**2,430**	1,053
		39,494	21,793
CURRENT LIABILITIES			
Trade and other payables	21	**402,833**	415,556
Unearned revenue	22	**271,579**	237,995
Short term borrowings	23	**514,561**	412,645
Current portion of long term liabilities	24	**41,310**	38,619
		1,230,283	1,104,815
CONTINGENCIES & COMMITMENTS	25	**-**	-
TOTAL EQUITY AND LIABILITIES		**6,606,193**	6,407,572

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR

Profit and Loss Account

For the year ended June 30, 2016

	NOTE	2016	2015
		Rupees in '000'	
Revenue - net	26	3,215,811	2,700,191
Cost of revenue	27	(2,282,076)	(2,167,105)
Gross profit		933,735	533,086
Selling and promotion expenses	28	(260,075)	(208,081)
Administrative expenses	29	(664,566)	(551,405)
Other operating expenses	31	(31,516)	(31,794)
Other income	32	135,301	121,816
Operating Profit/ (loss)		112,879	(136,378)
Finance cost	33	(22,934)	(11,837)
Profit/ (Loss) before taxation		89,945	(148,215)
Taxation			
Current period	34	(37,743)	(26,640)
Prior period		-	(12,170)
		(37,743)	(38,810)
Profit/ (Loss) after taxation for the period		52,202	(187,025)

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	Rupees in '000'	
Profit / (Loss) after taxation for the period	**52,202**	(187,025)
Other comprehensive income	**-**	-
Total comprehensive Profit/ (loss) for the period	**52,202**	(187,025)

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR

Statement of Cash Flows

For the year ended June 30, 2016

	NOTE	2016	2015
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) before taxation for the period		89,945	(148,215)
Adjustments for non cash charges and other items:			
Depreciation - own assets		379,105	451,490
Amortization of leased assets		25,120	27,830
Amortization of intangible assets		315,301	357,271
(Gain) / Loss on disposal of fixed assets		(336)	2,486
Bad debt		2,335	8,103
Amortization of deferred revenue		(10)	(19)
Exchange gain/(loss) on debtors		31,516	29,953
Interest expense		21,772	11,009
Interest income		(9,497)	(25,675)
Dividend Income		(105,468)	(77,978)
Provision for doubtful trade debts		-	(44,371)
Donation		80	-
		659,918	740,099
Cash generated from operations before working capital changes		749,863	591,884
Working Capital Changes			
Trade debts		(997,345)	(168,826)
Loans and advances		(15,424)	(2,696)
Trade deposits & short term prepayments		410	(761)
Other receivables		(20,024)	(1,446)
Due from related parties		87,440	(25,882)
Trade and other payables		(12,741)	(105,455)
Cash (used in) / generated from operations		(957,684)	(305,066)
Interest paid		(21,863)	(31,527)
Income taxes paid		(33,262)	(29,175)
Dividend paid		(275)	(17)
Net cash (used in) / generated from operations		(263,221)	226,099
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(125,829)	(190,201)
Sales proceeds of fixed asset		65,581	96,073
Capital work in progress		(49,256)	(77,419)
Long term investment		(17,267)	25,675
Interest received		9,497	77,978
Net cash (used in) investing activities		(117,274)	(67,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		1,080	765
Share deposit money		1,477	-
Share premium		693	491
Paid against obligation under finance lease		(65,558)	(50,166)
Received against obligation under finance lease		-	21,572
Long term payable		-	(237,862)
Short term Finance		101,917	212,645
Long term advances		1,764	2,087
Net cash (used in) / generated from financing activities		41,373	(50,468)
Net (decrease) in cash and cash equivalents		(339,122)	107,737
Cash and cash equivalents at the beginning of the period		447,595	339,858
Cash and cash equivalents at the end of the period	15	108,473	447,595

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2016

	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compensation reserve	Capital Reserve	Revenue Reserve	Total
				Share premium	Unappropriated profit	
			Rupees In '000'			
Balance as at June 30, 2014	889,699	13	1,880	297,320	4,277,821	5,466,733
Total comprehensive income for the year						
Net loss for the year ended June 30, 2015	-	-	-	-	(187,025)	(187,025)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(187,025)	(187,025)
Shares issued against options exercised (76,500 shares at Rs. 10 each)	765	-	-	-	-	765
Amount transferred to share premium on issuance of shares against options exercised (76,500 shares at Rs. 1.48 each)	-	-	(113)	-	-	(113)
Share premium on shares issued against options exercised	-	-	-	604	-	604
Balance as at June 30, 2015	890,464	13	1,767	297,924	4,090,796	5,280,964
Balance as at June 30, 2015	890,464	13	1,767	297,924	4,090,796	**5,280,964**
Total comprehensive income for the year ended						
Net profit for the year ended June 30, 2016	-	-	-	-	52,202	**52,202**
Other comprehensive income	-	-	-	-	-	**-**
Shares issued against options exercised (108,000 shares at Rs. 10 each)	1080	-	-	-	-	**1080**
Amount transferred to share premium on issuance of shares against options exercised (108,000 shares at Rs. 1.48 each)	-	-	(160)	-	-	**(160)**
Share premium on shares issued against options exercised	-	-	-	853	-	**853**
Amount received against options exercised	-	1477	-	-	-	**1477**
Balance as at June 30, 2016	**891,544**	**1490**	**1607**	**298,777**	**4,142,998**	**5,336,416**

The annexed notes from 1 to 45 form an integral part of these financial statements.

Notes to the Accounts

For the year ended June 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Technologies Limited ('the Company") was incorporated in Pakistan on August 22, 1996 under the Companies Ordinance, 1984 as a private company, limited by shares and was later on converted into public limited company on November 05, 2004. The Company was listed on Karachi Stock Exchange on August 26, 2005 and subsequently also got listed on Lahore and Islamabad Stock Exchanges. Due to de-mutualization of stock exchanges, all these stock exchanges have mergered in 2015 to form Pakistan Stock Exchange. As a result of this merger, the company is now listed at Pakistan Stock Exchange. The business of the Company is development and sale of computer software and provision of related services in Pakistan as well as abroad. The registered office of the Company is situated NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

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

2. BASIS OF PREPARATION

2.1 Separate financial statements

These financial statements are separate financial statements of the company. Consolidated financial statements of the company are prepared separately.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (the SECP) differ with the requirements of these standards, requirements of the Ordinance or the requirements of the said directives take precedence.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Accounting policies

The accounting policies adopted for the preparation of these financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2015.

2.6 Standards and interpretations that became effective

The following standards (revised or amended) and interpretations became effective for the current financial year but either they are not relevant or do not have any material effect on the financial statements of the Company:

IFRS 10	Consolidated Financial Statements (Amendments)
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interest in Other Entities.
IFRS 13	Fair Value Measurement
IAS 19	Employee Benefits (Amendments)

2.7 Standards and interpretations issued but not yet effective for the current financial year

		Effective for periods beginning on or after
IFRS 7	Disclosures Initiative (Amendments)	Jan-01 2017
IAS 12	Recognition of Deferred Tax Assets (Amendments)	Jan-01 2017
IFRS 15	Revenue from Contracts with Customers	Jan-01 2018
IFRS 9	Financial Instruments	Jan-01 2018
IFRS 16	Leases	Jan-01 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the Standards will not affect the Company's financial statements except enhanced disclosures.

3. USE OF ESTIMATES AND JUDGMENT

The preparation of 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.

The areas involving higher degree of judgment or complexity are as follows:

i. Provision for doubtful debts

ii. Provision for taxation

iii.Useful life of depreciable assets

iv.Useful life of intangible assets

v. Contingencies

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

(i) Owned assets

Property, plant and equipment except for free hold land are stated at cost less accumulated depreciation and any impairment losses. Free hold land is stated at cost less any identified impairment loss.

Depreciation is charged by applying reducing balance method to write off the cost over the remaining useful life of the assets. Rates of depreciation are provided in note 5.1.

Depreciation on additions to property, plant and equipment is charged for the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major repairs and improvements are capitalized.

The carrying amount of property, plant and equipment is removed from the balance sheet upon scrapping or disposal or when no future economic benefit is expected from its use.

Gain or loss on scrapping or disposal of assets, if any, is charged to profit and loss account.

Notes to the Accounts

For the year ended June 30, 2016

(ii) Assets subject to finance lease

Assets acquired under finance leases are capitalized and are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as current and non-current liabilities. Leasing payments are recognized as markup and repayment of liability.

Assets acquired under finance lease are amortized over the useful life of the assets using reducing balance method at the rates given in note 5.4.

Amortization on additions is charged for the month in which an asset is acquired under the finance lease while no amortization is charged for the month in which the asset is disposed off.

(iii) Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. It represents expenditure incurred on property, plant and equipment during construction and installation. Cost also includes applicable borrowing costs under IAS 23 Borrowing Cost. These expenditures are transferred to relevant assets' category as and when assets are available for use.

4.2 Intangible assets

Research and software products development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, it is probable that future economic benefits will flow to the Company, the Company has an intention and ability to complete and use or sell the software and cost can be measured reliably.

There are two components of intangible assets:

a. In-house developed intangible assets
b. Intangible assets acquired from market

(a) In-house developed intangible assets

The Company capitalizes certain computer software development costs in accordance with IAS 38 Intangible Assets. Costs incurred internally to create a computer software product or to develop an enhancement to an existing product are charged to expense when incurred as research and development expense until technological feasibility for the respective product is established. Thereafter, all software development costs are capitalized and reported at the lower of unamortized cost or recoverable amount. Capitalization ceases when the product or enhancement is available for general release to customers.

Amortization is charged on straight line basis over the useful life of the intangible assets. All intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Rates of amortization are stated in note 6.

(b) Intangible assets acquired from market

Intangible assets acquired from market are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to profit and loss account when they occur.

Amortization is charged by applying reducing balance method to write off the cost over the remaining useful life of the intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Amortization on additions to acquired intangible assets is charged for the month in which an asset is acquired while no amortization is charged for the month in which the asset is disposed off. Rates of amortization are stated in note 6.

4.3 Impairment

(a) Financial Asset

The Company assesses at each balance date whether there is any objective evidence that a financial asset or a group of financial asset is impaired. A financial asset is deemed to be impaired if and only if there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Any impairment loss on financial assets, including the financial assets carried at amortized cost, is recognized in profit and loss account.

(b) Non Financial Asset

The Company continually assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.4 Foreign currency translation

Transactions denominated in foreign currencies are translated in Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rate prevailing at the date when fair values were determined. All exchange differences are charged to profit and loss account.

4.5 Staff benefits

(i) Retirement benefits

The Group operates contributory provident fund for all its permanent staff. Contributions are made equally by the group and the employee 10% basic salary in the provident fund on monthly basis. Company's contribution is recognised as a cost in the profit and loss account. The fund is administrated by the Trustees.

(ii) Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognized as cost when related services are received.

(iii) Employee's share option scheme

The company operates an equity settled share based Employee's Share Option Scheme ("Scheme"). At the grant date of share options ("Options") to the employees, the company initially recognizes "Deferred Employee Compensation Expense" with corresponding credit to equity as "Deferred Employee Compensation Reserve" at the fair value of option at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in profit or loss, employee compensation expense in profit or loss will be reversed equal to the amortized portion with a corresponding effect to deferred employee compensation reserve in the balance sheet. When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit or loss is reversed with a corresponding reduction to deferred employee compensation reserve in the balance sheet. When the options are exercised, deferred employee compensation reserve relating to these options is transferred to share capital and share premium account. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium account.

4.6 Taxation

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

4.7 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Company.

Liabilities for creditors and other amounts payable in foreign currency are revalued by applying the exchange rate applicable on balance sheet date.

Notes to the Accounts

For the year ended June 30, 2016

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.8 Trade debts

Trade debts from local customers are stated at invoice value while foreign debtors are stated at re-valued amount by applying exchange rate applicable on balance sheet date. An estimate is made for doubtful receivables when collection of amount is not probable and the amount of trade debts is reduced by such provision. The provision for doubtful debt is recognized in profit and loss account. Debts considered irrecoverable are written off against provision.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at current or saving accounts held with banks, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include facilities of running finance that form an integral part of the Company's cash management.

4.10 Revenue recognition

(i) License sale

The Company recognizes revenue from license contracts without major customization when a non-cancellable, non-contingent license agreement has been signed, delivery of the software has occurred, fee is fixed or determinable, and collectability is probable.

Revenue from sale of license with major customization, modification, and development is recognized on percentage of completion basis.

(ii) Rendering of services

Revenue from software services is recognized in accordance with the percentage of completion method. An output measure i.e. Unit Completion Method is used to determine the percentage of completion. Unit completed are certified by the Chief Financial Officer and Chief Operating Officer.

(iii) Maintenance

Revenue from maintenance is recognized on time proportion basis.

(iv) Sale of hardware and third party software

Revenue from sale of hardware and third party software is recognized when delivery has occurred and invoices are raised to customers.

The Company's revenue recognition policies are in compliance with all applicable accounting regulations including IAS 18 'Revenue".

(v) Miscellaneous

Interest on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Gains or losses resulting from re-measurement of investment at fair value through profit or loss are recognized in the profit and loss account.

Rental income is recognized on time proportion basis.

Dividend income is recognized as income when the right of receipt is established.

Miscellaneous income is recognized on receipt basis.

4.11 Borrowing costs

Borrowing costs directly attributable to the construction /acquisition of qualifying assets are capitalized up to the date, including the period when technical and administrative work is carried on; the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

4.12 Off-setting of financial asset and liability

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.13 Financial instruments

(i) Financial assets

All financial assets have been stated in accordance with the requirements of IAS–39 (Financial Instruments: Recognition and Measurement). Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at cost, which is the fair value of the consideration given at initial recognition. Subsequent to initial recognition, financial assets are carried at fair value except for any financial assets whose fair value cannot be estimated reliably. Financial assets are derecognized when the Company loses control of the contractual rights that comprises the financial asset.

The Company classifies its financial assets in the following categories: held to maturity investments, loans and receivables, available for sale investments and investments at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Company commits to purchase or sell the asset.

(a) Held to maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held to maturity investments and are carried at amortized cost less impairment losses. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement loans and receivables are subsequently measured at amortized cost using the effective interest rate method less any impairment. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

(c) Available for sale investments

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Available for sale investments are initially recognized at cost and carried at fair value at the balance sheet date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the balance sheet date. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. Adjustment arising from re-measurement of investment to fair value is recorded in other comprehensive income and taken to profit and loss account on disposal of investment or when the investment is determined to be impaired.

(d) Financial assets at fair value through profit or loss

This category consists of two subcategories: (i) financial assets held for trading and (ii) financial assets that the company initially chooses to put in this category. A financial asset is classified as held for trading if it is acquired with the aim of being sold in the short term. Assets in this category are measured continually at fair value, and the changes in value are recognized directly in the profit and loss account.

Notes to the Accounts

For the year ended June 30, 2016

(ii) Financial liabilities

All financial liabilities have been stated in accordance with the requirements of IAS–39 (Financial Instruments: Recognition and Measurement). Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. Subsequent to initial recognition financial liabilities are carried at fair value, amortized cost or cost as the case may be. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on subsequent re-measurement or derecognizing is included in the profit and loss account for the period in which it arises.

4.14 Investment in subsidiary

Investment in subsidiary is stated at cost less any impairment losses.

4.15 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.16 Leasing

(i) Operating Leases

Leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating lease. Expenses for operating leases are recognised in the profit and loss account over the leasing period on a straight-line basis. Variable expenses are recognised in the periods when they arise.

(ii) Finance Leases

Finance leases transfers to the Company substantially all the risks and rewards incidental to ownership of the leased assets. The minimum lease payments are divided between interest costs and repayment of the outstanding liability. Interest costs are distributed over the period of the lease so that each accounting period includes an amount corresponding to a fixed interest rate for the liability recognised in each period. Variable payments are recognised in the periods when they arise.

4.17 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.18 Fair value

The fair value of financial instruments that are actively traded in organised financial markets is determined but reference to quoted market bid prices at the close of business on the balance sheet date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

		2016	2015
		Rupees in '000'	
5. PROPERTY PLANT & EQUIPMENT			
Net book value of owned assets	5.1	**2,055,258**	2,287,271
Net book value of leased assets	5.4	**147,748**	101,972
Capital work in progress	5.6	**-**	23,651
		2,203,006	2,412,894

5.1 Following is the detail of owned assets

Particulars	2016								
	COST			DEPRECIATION					Net book value as at Jun 30, 2016
	As at Jul 01, 2015	Additions / (Deletions)	As at Jun 30, 2016	Rate %	As at Jul 01, 2015	Adjustment during the year	Charge for the Period	As at Jun 30, 2016	
	Rupees In '000'								
Tangible Assets									
Land - freehold	254,229	-	254,229	-	-	-	-	-	254,229
Building on freehold land	906,663	45,898	952,561	5	117,669	-	40,142	157,811	794,750
Furniture & fixture	55,278	10,148 (60)	65,366	10	10,187	- (19)	5,108	15,276	50,090
Vehicles	69,278	85,844 (75,346)	79,776	20	37,596	10,578 (10,410)	7,420	45,184	34,592
Office equipment	41,751	8,838 (8)	50,581	10	11,796	- (4)	3,497	15,289	35,292
Computers	1,366,793	45,705 (1,345)	1,411,153	20 ~ 33	683,076	3,578 (1,081)	191,888	877,461	533,692
Air conditioners	33,372	3,332 (163)	36,541	10	4,676	- (82)	3,075	7,669	28,872
Electric fittings	49,371	-	49,371	10	1,169	-	4,820	5,989	43,382
Generator	33,207	7,372	40,579	10	11,089	-	2,743	13,832	26,747
Leasehold improvements	-	19,381	19,381	-	-	-	3,393	3,393	15,988
Intagible Assets									
Software	885,143	56	885,199	33	530,556	-	117,019	647,575	237,624
	3,695,085	226,574 (76,922)	3,844,737		1,407,814	14,156 (11,596)	379,105	1,789,479	2,055,258

The detail for assets disposed off during the year is given in not 5.3.

Notes to the Accounts

For the year ended June 30, 2016

Particulars	2015								
	COST			DEPRECIATION					Net book value as at Jun 30, 2015
	As at Jul 01, 2014	Additions / (Deletions)	As at Jun 30, 2015	Rate %	As at Jul 01, 2014	Adjustment during the year	Charge for the year	As at Jun 30, 2015	
	Rupees In '000'								
Tangible Assets									
Land - freehold	331,144	-	254,229	-	-	-	-	-	254,229
		(76,915)							
Building on freehold land	618,480	288,183	906,663	5	90,046	-	27,623	117,669	788,994
Furniture & fixture	40,963	15,664	55,278	10	7,146	-	3,746	10,187	45,091
		(1,349)				(705)			
Vehicles	72,503	28,457	69,278	20	39,378	6,351	7,433	37,596	31,682
		(31,682)				(15,566)			
Office equipment	31,397	10,523	41,751	10	9,057	-	2,811	11,796	29,955
		(169)				(72)			
Computers	1,244,455	131,338	1,366,793	20 ~ 33	441,040	13,582	236,517	683,076	683,717
		(9,000)				(8,063)			
Air conditioners	12,767	20,658	33,372	10	3,478	-	1,233	4,676	28,696
		(53)				(35)			
Electric fittings	1,118	48,253	49,371	10	728	-	441	1,169	48,202
Generator	33,207	-	33,207	10	8,632	-	2,457	11,089	22,118
Intangible Assets									
Software	892,123	25,540	885,143	33	390,015	-	169,229	530,556	354,587
		(32,520)				(28,688)			
	3,278,157	568,616	3,695,085		989,520	19,933	451,490	1,407,814	2,287,271
		(151,688)				(53,129)			

		2016	2015
		Rupees in '000'	
5.2 Depreciation is allocated in the following manner			
Cost of revenue	26	**284,329**	338,617
Administrative expenses	28	**94,776**	112,873
		379,105	451,490

5.3 **The detail of operating assets disposed off during the year is as follows**

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Computers-Laptop	121	91	30	12	Company Policy	Muhammad Shakil Khalid (Employee)
Computers-Laptop	107	64	43	43	Company Policy	Ahsan Fayyaz (Employee)
Computers-Laptop	67	55	12	7	Company Policy	Mohsin Hanif (Employee)
Computers-Laptop	67	55	12	7	Company Policy	Salman Qadir (Employee)
Computers-Laptop	164	132	32	16	Company Policy	Tanzeer Ahmed Mirza (Employee)
Computers-Laptop	164	132	32	16	Company Policy	Saqib Sardar (Employee)
Computers-Laptop	67	56	11	7	Company Policy	Kashif Ahmed Ansari (Employee)
Computers-Laptop	67	56	11	7	Company Policy	Shahid Mukhtar (Employee)
Computers-Laptop	67	56	11	7	Company Policy	Syed Rehan Kazmi (Employee)
Computers-Laptop	146	122	24	15	Company Policy	Tamoor Ahmad (Employee)
Computers-Laptop	146	122	24	15	Company Policy	Zahid Mushtaq (Employee)
Computers-Laptop	164	137	27	16	Company Policy	Suhail Sarwar (Employee)
Air Conditioner	68	28	40	-	Donation	Police Facilitation Centre
Air Conditioner	95	55	40	-	Donation	Police Facilitation Centre
Furniture & Fixture	5	3	2	1	Negotiation	Saeed Auction House
Furniture & Fixture	5	3	2	1	Negotiation	Saeed Auction House
Furniture & Fixture	2	1	1	1	Negotiation	Saeed Auction House
Furniture & Fixture	8	5	3	2	Negotiation	Saeed Auction House
Furniture & Fixture	5	2	3	2	Negotiation	Saeed Auction House
Furniture & Fixture	11	2	9	4	Negotiation	Saeed Auction House
Furniture & Fixture	25	4	21	9	Negotiation	Saeed Auction House
Office Equipement	8	4	4	2	Negotiation	Saeed Auction House
Vehicle	1,750	740	1,010	840	Company Policy	Shakeel Khalid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Syed Muhammad Qasim (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Adil Mukhtar (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Kalim ullah (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Waseem Shehzad (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Adil Farooq (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Adeel Khan Durrani (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Faisal Hayat (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Rohail Iqbal (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Ahmed Naveed Zafar (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Noman Zahid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Sajid Mehmood (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Naseem Amjad (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Umair Ali Malhi (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Zahid Naveed (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Amjad Hussain (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Asif Tanveer (Employee)

Notes to the Accounts

For the year ended June 30, 2016

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Vehicle - Motor Bike	40	15	25	13	Company Policy	Malik Adeel Imtiaz (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Shoaib Rauf (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Amir (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Mohammad Sheharyar Siddiqui (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Zia Ul Haq (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Furqan Saeed (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Yasir Arif (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Jawaad Haider Aslam (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Sharafat Ali (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Salman Zahid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Shahid Ali (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Rizwan Saeed (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Hafiz Muhammad Ammar Aslam (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Mohsin Ishfaq (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Fahid Ilyas (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Zaheer Abbas (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Khurram Latif (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Amir Siddiqui (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Imran Khan (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Umair Khalid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Saif Ud Din (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Umer Zia (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Shoaib ur Rehman Khan (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Imran Zaheer (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Khalid Shafiq (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Muhammad Ali Naqvi (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Mohsin Sattar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Faisal Muneer (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Inaam Ur Rehman (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Hafiz Muhammad Yahya Ashfaq (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rizwan Younas (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Atif Amjad (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Ali Farooq (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Zohaib Alam (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Sadia Zafar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Nasir Ahmad (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Muhammad Sheeraz Gull Khan (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Waqas Shoukat (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Shahid Khawaja (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Farhan Akhter (Employee)

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Vehicle - Motor Bike	51	19	32	16	Company Policy	Mubashir Hussain (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Saud Saeed (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Ibrar Ahmed (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rizwan Yaqoob (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Sana Faisal Raza (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Osama Yasar Butt (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rizwan Ali (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Syed Hamid Raza (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rafi Ullah Shah (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Muhammad Adil (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Asmat Ullah Khan (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Waqas Liaqat Ali (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Ahmad Ibrar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Yasir Nisar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Adnan Butt (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Syed Hasnain Bukhari (Employee)
Vehicle - Motor Bike	40	17	23	13	Company Policy	Muhammad Hassan Rasheed (Employee)
Vehicle - Motor Bike	40	17	23	13	Company Policy	Ammar Saeed (Employee)
Vehicle - Motor Bike	40	17	23	13	Company Policy	Muhammad Rizwan Afzal (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Saif Muhammad (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Sultan Mehmood (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Waqas Baig (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Zeeshan Khalil (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Johar Ali (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Muhammad Saad Hassan Khan (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Awais Umer (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Rana Rizwan Sarwar (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Atif Abbas (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Muhammad Umar (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Sajid Iqbal (Employee)
Vehicle - Motor Bike	51	21	30	17	Company Policy	Abid Hussain Tabassum (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Shahzaib Hassan Shahid (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Mirza Waqas baig (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Usman Ali (Employee)
Vehicle - Motor Bike	45	10	35	27	Company Policy	Aaban Tariq Murtaza (Employee)
Vehicle	1,690	697	993	963	Company Policy	Ahsan Fyyaz (Employee)
Vehicle	1,462	907	555	600	Company Policy	Sheikh Babar Yahya (Employee)
Vehicle	12,500	6,491	6,009	7,821	Negotiation	Muhammad Moeen
Vehicle	8,170	-	8,170	-	Sale and Lease back	Fist Habib Modarba
Vehicle	2,394	-	2,394	-	Sale and Lease back	Fist Habib Modarba
Vehicle	1,845	-	1,845	-	Sale and Lease back	Fist Habib Modarba
Vehicle	7,600	-	7,600	-	Sale and Lease back	Askari Bank Limited
Vehicle	33,840	-	33,840	-	Sale and Lease back	Askari Bank Limited
2016	**76,922**	**11,596**	**65,326**	65,580		
2015	151,688	53,129	98,559	96,073		

Notes to the Accounts

For the year ended June 30, 2016

5.4 Following is statement of leased assets

	2016								
	COST			DEPRECIATION					
Particulars	**As at Jul 01, 2015**	**Additions / (Deletions)**	**As at Jun 30, 2016**	**Rate %**	**As at Jul 01, 2015**	**Adjustment during the year**	**Charge for the Period**	**As at Jun 30, 2016**	**Net book value as at Jun 30, 2016**
	Rupees In '000'								
Vehicles	65,851	84,196	127,566	20	20,518		14,746	24,688	102,878
		(22,481)				(10,576)			
Computers	46,039	-	41,066	20-33	20,719		7,242	24,383	16,683
		(4,973)				(3,578)			
Air conditioners	19,140	-	19,140	10	2,919		1,622	4,541	14,599
						-			
Generator	17,045	-	17,045	10	1,947	-	1,510	3,457	13,588
	148,075	84,196	204,817		46,103	-	25,120	57,069	147,748
		(27,454)				(14,154)			

	2015								
	COST			DEPRECIATION					
Particulars	As at Jul 01, 2014	Additions / (Deletions)	As at Jun 30, 2015	Rate %	As at Jul 01, 2014	Adjustment during the year	Charge for the Period	As at Jun 30, 2015	Net book value as at Jun 30, 2015
	Rupees In '000'								
Vehicles	76,712	4,165	65,851	20	14,904	-	11,965	20,518	45,333
		(15,026)				(6,351)			
Computers	56,548	8,907	46,039	20-33	21,758	-	12,543	20,719	25,320
		(19,416)				(13,582)			
Air conditioners	19,140	-	19,140	10	1,117	-	1,802	2,919	16,221
Generator	8,545	8,500	17,045	10	427	-	1,520	1,947	15,098
	160,945	21,572	148,075		38,206	-	27,830	46,103	101,972
		(34,442)				(19,933)			

			2016	2015
			Rupees in '000'	
5.5	**Amortization is allocated in the following manner**			
	Cost of revenue	27	**18,840**	20,872
	Administrative expenses	29	**6,280**	6,958
			25,120	27,830
5.6	**Capital work-in-progress**			
	Civil works for leasehold improvements		**-**	1,732
	Advance against assets		**-**	7,919
	Advance against leasehold improvements		**-**	14,000
			-	23,651
	5.6.1 The movement in capital work-in-progress during the year is as under:			
	Opening Balance		**23,651**	293,032
	Additions during the year		**52,107**	96,163
	Transfers:			
	Building		**45,898**	288,182
	Leasehold improvements		**19,381**	-
	Furniture and Fixtures		**3,274**	10,755
	Computers		**214**	-
	Office equipments		**689**	-
	Generator		**3,680**	-
	Air conditioners		**1,297**	18,354
	Vehicles - Own		**1,325**	-
	Electric fittings		**-**	48,253
			(75,758)	(365,544)
	Closing balance		**-**	23,651

5.6.2 Extension of existing building is completed and transferred to respective heads of property, plant and equipment.

5.6.3 During the year borrowing cost amounting to Rs. 0.383 million (2015 : Rs. 18.745 million) has been capitalized using capitalization rate of 4% pa (2015 : 12.76%) in the capital work in progress pertaining to construction of building.

Notes to the Accounts

For the year ended June 30, 2016

6. INTANGIBLE ASSETS

Particulars	2016							
	COST			AMORTISATION				Net book value as at Jun 30, 2016
	As at Jul 01, 2015	Additions / (Deletions)	As at Jun 30, 2016	Rate %	As at Jul 01, 2015	Charge for the Period	As at Jun 30, 2016	
	Rupees In '000'							
In-house Developed Software								
NetSol Financial Suite	**213,225**	**-**	**213,225**	**10 ~ 20**	**213,225**	**-**	**213,225**	**-**
SMART	**137,149**	**-**	**137,149**	**10**	**82,290**	**13,715**	**96,005**	**41,144**
NFS - Ascent	**2,935,038**	**-**	**2,935,038**	**10**	**546,621**	**293,504**	**840,125**	**2,094,913**
HMIS	**35,146**	**-**	**35,146**	**10**	**5,565**	**3,514**	**9,079**	**26,067**
Business Intelligence	**45,671**	**-**	**45,671**	**10**	**7,231**	**4,568**	**11,799**	**33,872**
Scoring Model & Risk Management								
	3,366,229	**-**	**3,366,229**		**854,932**	**315,301**	**1,170,233**	**2,195,996**

Particulars	2015							
	COST			AMORTISATION				Net book value as at Jun 30, 2015
	As at Jul 01, 2014	Additions / (Deletions)	As at Jun 30, 2015	Rate %	As at Jul 01, 2014	Charge for the Period	As at Jun 30, 2015	
	Rupees In '000'							
In-house Developed Software								
NetSol Financial Suite	213,225	-	213,225	10 ~ 20	171,254	41,971	213,225	-
SMART	137,149	-	137,149	10	68,575	13,715	82,290	54,859
NFS Ascent	2,935,038	-	2,935,038	10	253,118	293,503	546,621	2,388,417
HMIS	35,146	-	35,146	10	2,050	3,515	5,565	29,581
Business Intelligence	45,671	-	45,671	10	2,664	4,567	7,231	38,440
Scoring Model & Risk Management								
	3,366,229	-	3,366,229		497,661	357,271	854,932	2,511,297

	Note	2016	2015
		Rupees in '000'	
6.1 Amortization is allocated in the following manner			
Cost of revenue	27	**315,301**	357,271

6.2 NetSol Financial Suite has been fully amortized but the company is still generating revenues from its sale.

	Note	2016	2015
		Rupees in '000'	
7. LONG TERM INVESTMENTS - at cost			
EEGEO Inc. (Unquoted company)	7.1	**17,267**	-
NetSol Innovation (Pvt) Limited (Unquoted subsidiary company)	7.2	**15,188**	15,188
		32,455	15,188

7.1.1 During the fiscal year 2016, the Company agreed to purchasse 12.2% investment in eeGeo, Inc. a UK based gaming and 3D mapping Company (a Delware Corporation) for $2,777,778 which will be earned over future periods by providing IT and enterprise software solutions. Per agreement, the Company will provide a minimum of $200,000 of services in each three-month period and the entire balance is required to be provided within three years of the date of the agreement. As of June 30, 2016, the Company has provided services valued at $164,794 (PKR 17,267,000) which is recorded as investment.

7.1.2 In connection with the investment, the Company received a warrant to purchase preferred stock which are excercisable into share of the 'Next Round Preferred" , only if and when the Next Round Preferred is issued by eeGeo, Inc., in a 'Qualified Financing". The warrants expire on March 2, 2020.

7.1.3 Mr. Ian Hetherington is the Chief Executive Officer of eeGeo, Inc.

7.2.1 The subsidiary is incorporated in Pakistan. The Company holds 1,518,785 (2015 : 1,518,785) fully paid ordinary shares of Rs. 10/- each i.e. 50.52% of Equity held (2015 : 50.52%). Based on audited accounts for the year ended June 30, 2016, break-up value per share is Rs. 191.19. (2015 : Rs. 140.17).

7.2.2 Mr. Salim Ullah Ghauri is the Chief Executive Officer of the subsidiary company.

	Note	2016	2015
8. TRADE DEBTS			
Considered good - unsecured	8.2	**1,198,056**	448,668
Considered doubtful - unsecured	8.3	**48,748**	51,850
		1,246,804	500,518
Less: Provision against doubtful recovery		**(48,748)**	(51,850)
		1,198,056	448,668

8.1 Amount receivable from related parties included in trade debts are as under:

	2016	2015
NetSol Technologies (Thailand) Limited	**183,968**	116,573
NetSol Technologies (Beijing) Company Limited	**163,364**	73,567
NetSol Australia Pty. Limited	**28,759**	-
	376,091	190,140

8.2 It represents amount receivable from customers. It is unsecured but considered good by the management.

8.3 This is a general provision created by the Company for any future doubtful trade debts.

8.4 Movement in provision against future doubtful trade debts is given below:

	2016	2015
Balance as at July 1	**51,850**	96,221
Provision made during the year	**-**	-
Provision reversed during the year	**-**	(44,371)
Write offs during the year	**(3,102)**	-
Balance as at June 30	**48,748**	51,850

Notes to the Accounts

For the year ended June 30, 2016

8.5 Aging of trade debts at June 30 is as follows:

	2016		2015	
	Rupees in '000'		Rupees in '000'	
	Gross	**Impaired**	Gross	Impaired
Not past due	**57,121**	**-**	92,943	-
Past due 1-180 days	**886,750**	**-**	384,007	-
Past due 181 days -1 year	**300,461**	**-**	10,866	-
More than one year	**2,472**	**-**	12,702	-
Total	**1,246,804**	**-**	500,518	-

8.6 Aging of trade debts due from related parties at June 30 is as follows:

	Gross	**Impaired**	Gross	Impaired
Not past due	**-**	**-**	36,828	-
Past due 1-180 days	**105,326**	**-**	153,312	-
Past due 181 days -1 year	**270,765**	**-**	-	-
More than one year	**-**	**-**	-	-
Total	**376,091**	**-**	190,140	-

9. EXCESS OF REVENUE OVER BILLING

It represents unbilled debtors arising due to recognition of revenue on the basis of percentage of completion as per IAS 18 'Revenue". It is unsecured but considered good by the management.

		2016	2015
		Rupees in '000'	
10. LOANS AND ADVANCES - Unsecured			
Considered good			
Loan to employees			
- to executives	10.1	**6,984**	3,096
Advances			
- to executives	10.2	**150**	163
- against expenses		**17,598**	6,049
		24,732	9,308

10.1 The loans to employees are given as loan and deducted from salaries. Maximum balance outstanding against loans to employees at the end of any month during the year was Rs. 11.5 million (2015: Rs. 5.371 million).

10.2 The advances to executives are given to meet business expenses and are settled as and when the expenses are incurred. Maximum balance outstanding against advances to executives at the end of any month during the year was Rs. 1.251 million (2015 : Rs. 0.782 million)

		2016	2015
		Rupees in '000'	
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		**7,697**	5,619
Prepayments		**15,975**	18,463
		23,672	24,082
12. OTHER RECEIVABLES			
Guarantee margin		**493**	2,741
Dividend receivable		**105,468**	-
Sales tax Refundable		**687**	11,700
Other receivable - considered good		**41,779**	10,829
		148,427	25,270
13. DUE FROM RELATED PARTIES			
Associated			
NetSol Connect (Pvt) Ltd.	13.1	**6,232**	3,435
NetSol Technologies Beijing Ltd.	13.2	**13,836**	104,073
		20,068	107,508

13.1 These relate to normal course of business of the Company and are interest free.

13.2 Maximum aggregate amount outstanding due from related party at the end of any month during the year was Rs. 215.08 million (2015 : Rs. 143.62 million).

		2016	2015
14. TAXATION - NET			
Tax receivable as at 1 July		**36,168**	45,803
Tax payments		**15,158**	10,249
Tax adjustments		**-**	(3,984)
Provision for taxation		**(19,638)**	(15,900)
		31,688	36,168
15. CASH AND BANK BALANCES			
With banks			
Saving accounts	15.1	**79,193**	418,683
Current accounts		**47**	47
Foreign currency current account		**24,668**	26,928
		103,908	445,658
In hand		**4,565**	1,937
		108,473	447,595

15.1 The balances in savings accounts bear conventional mark up at 4% to 4.5% per annum. (2015 : 4% per annum)

Notes to the Accounts

For the year ended June 30, 2016

16. SHARE CAPITAL

16.1 Authorised share capital

2016	2015		2016	2015
Number of shares			Rupees in '000'	
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000

16.2 Issued, subscribed & paid-up capital

2016	2015		2016	2015
Number of shares			Rupees in '000'	
42,003,691	41,895,691	Ordinary Shares of Rs. 10 each fully paid in cash	**420,037**	418,957
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
89,154,423	89,046,423		**891,544**	890,464

16.3 Reconciliation of number of shares issued, subscribed & paid-up

Number of shares outstanding as at July 1	**89,046,423**	88,969,923
Ordinary Shares of Rs. 10 issued against options exercised	**108,000**	76,500
Number of shares outstanding as at June 30	**89,154,423**	89,046,423

16.4 Owners of ordinary shares are entitled to distributions approved by the Company, and the shareholding entitles the owners to vote at the general meetings, with one vote per share. All shares have the same right to Company's remaining net assets.

16.5 There are outstanding options to subscribe for ordinary shares of the Company granted under the employee share option plan as disclosed in Note 17.1.1

16.6 NetSol Technologies Inc. 24025, Park Sorrento, Suite 410, Calabasas CA 91302, is the parent company holding 66.56% (2015 : 65.10%) of issued capital of the Company.

16.7 The Company is not subject to any externally imposed capital requirements for the financial years 2015 and 2016.

17. RESERVES

Capital reserve			
Premium on issue of ordinary shares		**298,777**	297,924
Revenue reserve			
Un - appropriated profit		**4,142,998**	4,090,796
Employee share option compensation reserve	17.1	**1,607**	1,767
		4,443,382	4,390,487

17.1 EMPLOYEE SHARE OPTION COMPENSATION RESERVE

Balance as at the beginning of the year	**1,767**	1,880
Options issued during the year	**-**	-
Options lapsed due to employee resignation	**-**	-
Amount transferred to Capital reserve on exercise of options	**(160)**	(113)
Balance at the end of the year	**1,607**	1,767

17.1.1 Employee Stock Option Scheme

After getting approval of the Employee Stock Option Scheme from the Securities and Exchange Commission of Pakistan, the board and the compensation committee granted 4.35 million stock options to its core team of employees on August 01, 2009 at a grant price of Rs. 16.42 per option. No Amount is paid or payable by employee on receipt of the option. No option carries the right to vote or dividend. According to the scheme, 40% of the options became exercisable after completion of 12 months from date of grant, 30% of the granted option became exercisable after completion of 24 months from the grant date and 20% of the granted option became exercisable after completion of 36 months from the grant date. The balance of 10% of the granted option will become exercisable after completion of eighty four months from the grant date. The options will lapse after 10 years of grant date, if not exercised.

The Company used Black Scholes pricing model to determine the fair value of options at the grant date. The fair value of the options as per model used and underlying assumptions are as follows.

Total number of options granted	**4,350,000**
Per option fair value at the grant date	**Rs. 1.48**
Average 30 days per share price preceding the date of grant	**Rs. 26.80**
Exercise price per option	**Rs. 16.42**
Annual volatility	**64.82%**

	2016	2015
	Number of Options	
Options outstanding at the beginning of the year	**1,196,000**	1,272,500
Options issued during the year	**-**	-
Options lapsed during the year	**-**	-
Options exercised during the year	**(108,000)**	(76,500)
Options outstanding at the end of the year	**1,088,000**	1,196,000

	2016	2015
	Rupees in '000'	
18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	**76,060**	57,422
Less: Current portion of obligations shown under current liabilities	**(38,996)**	(36,692)
	37,064	20,730

Present value of minimum lease payments have been discounted at an implicit interest rate ranging between 8 % to 11% (2015 : 9.18 % to 13.02%) to arrive at their present value. The lessee has the option to purchase the assets after expiry of the lease term.

The amount of future payments of the lease and the year in which these payments will become due are as follows:

Notes to the Accounts

For the year ended June 30, 2016

	2016		
	Minimum Lease Payment	**Future Finance Charges**	**Present Value of Lease Liability**
Not later than one year	**43,638**	**4,642**	**38,996**
Later than one year but not later than five years	**39,642**	**2,578**	**37,064**
	83,280	**7,220**	**76,060**

	2015		
	Minimum Lease Payment	Future Finance Charges	Present Value of Lease Liability
Not later than one year	40,911	4,219	36,692
Later than one year but not later than five years	21,788	1,058	20,730
	62,699	5,277	57,422

	2016	2015
	Rupees in '000'	
19. DEFERRED INCOME		
Opening balance	**10**	29
Addition during the period	**-**	-
	10	29
Amortized during the year	**(10)**	(19)
Un amortized gain on sale and lease back transaction	**-**	10

This amount represents gain on sale and lease back of fixed assets. According to IAS 17 'Lease' the gain is deferred and amortized over the lease term.

	2016	2015
20. LONG TERM ADVANCES		
Long term advances	**4,744**	2,980
Less: Current portion	**(2,314)**	(1,927)
	2,430	1,053

20.1 These represent payments received from employees against provision of motor bikes and cars to them as per company policy and will be adjusted against the future sale of motor bikes and cars.

		2016	2015
		Rupees in '000'	
21. TRADE AND OTHER PAYABLES			
Creditors		**50,084**	51,582
Accrued liabilities		**189,604**	139,098
Interest accrued - secured		**4,602**	4,309
Due to related parties	21.1	**111,474**	190,765
Withholding tax		**11,268**	11,424
Provident fund payable		**32,488**	12,037
Unclaimed dividend		**2,339**	2,614
Other payables		**974**	3,727
		402,833	415,556

		Note	2016	2015
			Rupees in '000'	
21.1	**DUE TO RELATED PARTIES**			
	Parent			
	NetSol Technologies Inc.	21.2	**111,474**	113,448
	Subsidiary			
	NetSol Innovation (Pvt) Ltd.	21.3	**-**	12
	Associated			
	NetSol Technologies Europe Limited	21.2	**-**	73,174
	NetSol Technologies (Thailand) Limited	21.2	**-**	4,131
			111,474	190,765

21.2 This relates to normal course of business of the Company and is interest free.

21.3 Conventional Markup at the rate of 6 months Kibor+ 1.5 % is chargeable on the outstanding information.

21.4 Maximum aggregate amount outstanding due to related party at the end of any month during the year was Rs. 445.905 million (2015 : Rs. 550.27 million).

22. UNEARNED REVENUE

It represents license, maintenance and services fee received in advance. The license and services fee are transferred to revenue on work done basis where as maintenance is transferred to revenue on time proportion basis.

It includes Rs. 2.032 million (2015 : 0.827 million) against NetSol Technologies Australia Pty. Limited.

23. SHORT TERM BORROWINGS

	Note	2016	2015
Export refinance - secured	23.1	**400,000**	300,000
Loan from related party - unsecured	23.6	**114,561**	112,645
		514,561	412,645

23.1 The facility for export refinance is available from Askari Bank Limited amounting upto Rs 400 million (2015 : Rs 300 million), availed Rs. 400 million (2015 : 300 million) It carries conventional mark-up of State Bank Refinance Rate+1% per annum (2015 : State Bank Refinance Rate+1% per annum). The interest rate ranged between 4.5% to 6% (2015 : 6 to 7.5%) during fiscal year 2016. The due balance is payable bi-annually.

23.2 A facility for issuance of guarantees (LG) is available from Askari Bank Limited upto Rs. 100 million (2015 : Rs. 100 million), availed Rs. 7.062 million. (2015 : Rs. 6.204 million)

23.3 A sublimit of LG is available from Askari Bank Limited for corporate credit cards upto Rs. 4 million (2015 : Rs. 4 million)

23.4 The company has a running finance facility from Askari Bank Limited as a sublimit to LG facility upto Rs. 75 million (2015 : 75 million) for working capital requirement. As at June 30, 2016 there is no balance outstanding against this facility. It carries markup at the rate of 3 month Kibor + 2%. (2015 : 3 month Kibor + 2%)

23.5 The facilities are secured by way of first exclusive charge over the Company's all present and future current assets/ receivables of Rs. 634 million including Pari Passu 536 millions and Ranking charge 98 millions. (2015: Rs. 536 million) and first exclusive charge of Rs. 680 million over the land, building and equipment of the company. (2015: Rs. 680 million) equitable mortgage over following properties:
i) 9 Kanals located at Ghazi Road, Lahore Cantt.
ii) 2 Kanals located at Ghazi Road, Lahore Cantt.
ii) 16 Marlas located at Ghazi Road, Lahore Cantt.

23.6 This represent short term interest free loan of USD 1,086,254 (2015: US$ 1,086,254) from the holding company.

Notes to the Accounts

For the year ended June 30, 2016

			2016	2015
24.	**CURRENT PORTION OF LONG TERM LIABILITIES**		**Rupees in '000'**	
	Current portion of lease liability	18	**38,996**	36,692
	Current portion of long term advances	20	**2,314**	1,927
			41,310	38,619

25. CONTINGENCIES & COMMITMENTS

25.1 Contingencies

25.1.1 The company has not charged Workers' Welfare Fund (WWF) under the WWF Ordinance 1971, as the amendments made through Finance Act 2006 and 2008 relating to the scope and applicability of the same has been declared unconstitutional by the Honourable Lahore High Court through its Judgement number 2011 PLD 2643. The matter is pending before the Honourable Supreme Court of Pakistan. However, management is confident that the decision of Lahore High Court shall prevail; accordingly no provision has been made by the company during the year in this regard.

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

25.2 Commitments

25.2.1 The Company has issued worth Rs. 7.062 million (June 2015 : Rs. 6.204 million) bank guarantees and bid bonds to various customers against sale of software and allied services.

25.2.2 The Company has no commitment under any capital purchase agreement as at June 30, 2016. (2015 : Rs. nil)

	2016		2016	2015
	Domestic	**Foreign**	**Rupees in '000'**	
26. REVENUE				
License	-	430,422	**430,422**	307,698
Services	-	2,013,862	**2,013,862**	1,774,789
Maintenance	-	738,790	**738,790**	590,287
		3,183,074	**3,183,074**	2,672,774
Local Revenue				
Services	27,470	-	**27,470**	10,681
Maintenance	10,505	-	**10,505**	19,245
	37,975	-	**37,975**	29,926
Sales tax	(5,238)	-	**(5,238)**	(2,509)
	32,737	3,183,074	**3,215,811**	2,700,191

		2016		2016	2015
		Domestic	Foreign	Rupees in '000'	
27. COST OF REVENUE					
Salaries & benefits	27.1	38,854	1,312,543	**1,351,397**	1,110,118
Consultancy charges		1,483	1,658	**3,141**	40,265
Hardware and other material cost		9,461	-	**9,461**	519
Software licences		6,867	-	**6,867**	5,525
Staff training		230	5,238	**5,468**	2,747
Rent, rates & taxes		378	10,427	**10,805**	9,441
Travelling & conveyance		1,241	82,825	**84,066**	137,701
Communication		1,101	30,374	**31,475**	21,043
Utilities		1,093	30,156	**31,249**	29,867
Printing & stationery		152	4,201	**4,353**	2,556
Entertainment		1,776	48,984	**50,760**	34,794
Insurance		26	1,439	**1,465**	2,538
Vehicle running & maintenance		844	16,447	**17,291**	15,002
Repair & maintenance		1,801	49,676	**51,477**	38,185
Fee & subscription		152	4,179	**4,331**	44
Depreciation	5.2	9,949	274,380	**284,329**	338,617
Amortization of leased assets	5.5	659	18,181	**18,840**	20,872
Amortization of intangible assets	6.1	21,797	293,504	**315,301**	357,271
		97,865	2,184,211	**2,282,076**	2,167,105

27.1 Salaries and benefits include Rs. 59.117 million (2015 : Rs. 44.120 million) in respect of retirement benefits.

		2016		2016	2015
		Domestic	Foreign	Rupees in '000'	
28. SELLING AND PROMOTION EXPENSES					
Salaries & benefits	28.1	1,249	121,412	**122,661**	50,643
Rent, rates & taxes		131	12,719	**12,850**	3,329
Travelling and conveyance		298	29,015	**29,313**	12,451
Communication		18	1,787	**1,805**	1,629
Utilities		11	1,094	**1,105**	2,781
Printing & stationery		5	531	**536**	187
Entertainment		23	2,198	**2,221**	2,506
Insurance		5	529	**534**	187
Vehicle running expenses		31	3,038	**3,069**	2,283
Repairs and maintenance		73	7,137	**7,210**	2,210
Commission on sales		-	69,071	**69,071**	96,189
Advertisement		56	5,467	**5,523**	1,342
Tender money		158	-	**158**	521
Sale promotional expenses		41	3,978	**4,019**	31,823
		2,099	257,976	**260,075**	208,081

28.1 Salaries and benefits include Rs. 2.312 million (2015 : Rs. 1.468 million) in respect of retirement benefits.

Notes to the Accounts

For the year ended June 30, 2016

29. ADMINISTRATIVE EXPENSES

		2016		2016	2015
		Domestic	Foreign	Rupees in '000'	
Directors remuneration					
Salaries and benefits	29.1	2,966	288,375	**291,341**	253,330
Staff training		5	535	**540**	320
Rent, rates and taxes		163	15,808	**15,971**	10,753
Travelling and conveyance		184	17,880	**18,064**	16,074
Communication & postage		69	6,746	**6,815**	7,175
Printing and stationery		17	1,698	**1,715**	994
Utilities		142	13,837	**13,979**	11,961
Entertainment		318	30,935	**31,253**	21,308
Insurance		36	3,462	**3,498**	10,902
Advertisement		17	1,681	**1,698**	2,062
Vehicle running expenses		159	15,479	**15,638**	13,142
Repairs and maintenance		664	64,588	**65,252**	54,106
Legal and professional charges		73	7,116	**7,189**	3,991
Auditors remuneration	29.2	25	2,475	**2,500**	2,500
News papers & periodicals		4	394	**398**	290
Office supplies		65	6,364	**6,429**	4,111
Charity & donation	29.3	222	21,624	**21,846**	17,470
Fee & subscription		86	8,348	**8,434**	4,974
Miscellaneous expenses		2	148	**150**	202
Research and development cost			48,465	**48,465**	32,177
Bad Debts	29.4	2,335	-	**2,335**	8,103
Provision for doubtful debts		-	-	**-**	(44,371)
Depreciation	5.2	965	93,811	**94,776**	112,873
Amortization of leased assets	5.5	64	6,216	**6,280**	6,958
		8,581	655,985	**664,566**	551,405

29.1 Salaries and benefits include Rs. 10.038 million (2015 : Rs. 8.21 million) in respect of retirement benefits.

	2016	2015
	Rupees in '000'	
29.2 Auditors remuneration		
Audit fee	**1,200**	1,200
Certifications of group reporting	**700**	700
Professional services	**300**	300
Out-of-pocket expenses	**300**	300
	2,500	2,500

29.3 Charity & donation

Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of Donee and address	Name of interested directors and nature of interest	2016	2015
		Rupees in '000'	
Shahid Javed Burki Institute of Public Policy at NETSOL	Shahid Javed Burki - Chairman Member Board of Directors	**6,625**	
(126-B Ahmad Block, New Garden Town, Lahore)	Salim Ghauri - Member Board of Directors		

29.4 This relates to amount receivable from different local customers against tender money receivables.

30. RETIREMENT BENEFIT

Salaries and benefits includes the amount of provident fund contributed by the Company.

		2016 Domestic	2016 Foreign	2016 Rupees in '000'	2015 Rupees in '000'
31. OTHER OPERATING EXPENSES					
Loss on disposal of assets		-	-	-	1,841
Loss on foreign currency translation		-	31,516	**31,516**	29,953
		-	31,516	**31,516**	31,794
32. OTHER INCOME					
Income from financial assets					
Profit on bank deposits	32.1	9,453	-	**9,453**	25,241
Mark up on loan	32.1	44	-	**44**	434
Dividend Income	32.2	105,468	-	**105,468**	77,978
		114,965	-	**114,965**	103,653
Income from non-financial assets					
Gain on disposal of assets		336	-	**336**	-
Amortization of deferred revenue		10	-	**10**	19
Rental income		19,990	-	**19,990**	18,069
Miscellaneous income		-	-	-	75
		20,336	-	**20,336**	18,163
		135,301	-	**135,301**	121,816

32.1 Income is earned under conventional mark-up arrangement.

32.2 Dividend has been received from subsidiary company M/S NetSol Innovation Private Limited.

	2016 Domestic	2016 Foreign	2016 Rupees in '000'	2015 Rupees in '000'
33. FINANCE COST				
Lease finance charges	-	5,524	**5,524**	9,146
Mark-up on loans	7	16,241	**16,248**	1,583
Mark-up on loan from related party	-	45	**45**	280
Lease documentation charges	-	51	**51**	16
Bank charges	11	1,055	**1,066**	812
	18	22,916	**22,934**	11,837

34. TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to 2019 as per clause 133 of the Second Schedule to the Income Tax Ordinance, 2001. However tax as per applicable rates is charged to the income of the Company generated from other than core business activities.

Reconciliation of income tax expense for the year

	2016
Accounting Profit	**89,945**
Enacted tax rate	**32%**
Tax on accounting profit at enacted rate	**28,782**
Tax effect on income exempt from tax	**12,726**
Tax effect of income taxed at different rates	**(21,870)**
International taxation effect	**18,105**
	37,743

The Company has made the provision for taxation based on its understanding of the tax laws and regulations and on the basis of advice from its tax consultant. These provisions may require change in case these laws and regulations are interpreted differently by tax authorities and Company's appeals are not accepted at various forums.

For year 2015 company was in loss therefore the reconciliation of accounting profit with tax expense is not provided.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company were as follows:

Notes to the Accounts

For the year ended June 30, 2016

	Chief Executive		Directors		Executives	
	2016	2015	**2016**	2015	**2016**	2015
			Rupees in '000'			
Managerial remuneration	**6,400**	5,800	**4,000**	3,600	**920,657**	512,851
Retirement benefits	**640**	320	**400**	360	**55,795**	41,012
Rent and house maintenance	**2,560**	2,320	**1,600**	1,440	**368,263**	205,140
Utilities	**640**	580	**400**	360	**92,066**	51,285
Medical expenses	**320**	265	**200**	178	**46,033**	25,763
Total	**10,560**	9,285	**6,600**	5,938	**1,482,814**	836,051
No. of Persons	**1**	1	**1**	1	**1,121**	553

The Chief Executive, Executive Directors and some Executives have been provided with company maintained cars.

During the current year, CFO and one executive of the company excersised stock options under employee stock option scheme according to which 108,000 shares (2015: 76,500) were allotted to them respectively.

Nothing is paid to any non-executive director of the company in form of remuneration or other benefits except a fee approved by the board for attending the board meetings.

36. CAPITAL MANAGEMENT

The primary objective of the Company'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 shareholder value.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debts or raise debts, if required.

As of the balance sheet date, the management considers that the capital of the Company is sufficient to meet the requirements of the business.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as under:

		2016	2015
		Rupees in '000'	
Total debt	36.1	**592,935**	471,994
Less : Cash and cash equivalents		**(108,473)**	(447,595)
Net debt		**484,462**	24,399
Total equity	36.2	**5,336,416**	5,280,964
Gearing ratio (In percentage)		**9.1%**	0.5%

36.1. The total debt includes the long term financing, liabilities against assets subject to finance lease, short term borrowing and current portion of long term financing.

36.2. The total equity includes all the capital and reserves of the Company.

37. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, directors of the Company, key employees and staff retirement fund. The Company in the 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	2016	2015
			Rupees in '000'	
(i)	Subsidiary	Rental income	**18,490**	17,469
		Provision of services	**5,945**	6,719
		Dividend received	**105,468**	77,978
		Mark-up income	**44**	434
		Mark-up expense	**45**	280
(ii)	Associated undertaking	Rental income	**1,500**	600
		Provision of services	**481,909**	413,769
		Purchase of services	**17,783**	7,757
		Purchase of assets	**-**	47,731
(iii)	Key Management Personnel	Remuneration of CEO and Directors	**17,160**	15,223
		Commission paid to Key Management Personnel	**2,129**	68,676
(iv)	Post Employment benefit	Contribution to defined contribution plan	**71,467**	53,795

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

The Company's activities are exposed to a variety of financial risks. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company sets policies, strategies and mechanisms, which aim at effective management of these risks within its unique operating environment. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

		2016	2015
		Rupees in '000	
Loans and advances		**7,134**	3,259
Trade debts	38.1	**1,198,056**	448,668
Security deposits		**7,697**	5,619
Other receivables		**148,427**	25,270
Due from related parties		**20,068**	107,508
Bank balances	38.2	**108,473**	445,658
		1,489,855	1,05,982

38.1 The Company does not have significant exposure to any individual customer. The Company has made allowances, where necessary, for potential losses on credits extended.

38.2 Bank balances are held only with reputable banks. The credit rating of banks holding balances is given below:

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Notes to the Accounts

For the year ended June 30, 2016

	Short term	Long Term	Rating Agency
Askari Bank Limited	A1+	AA+	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Summit Bank Limited	A-1	A-	JCR-VIS

(b) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2016				
	Carrying amount	**Contractual cash flows**	**One year or less**	**Two to five years**	**More than five years**
	Rupees in '000'				
Non-derivative financial liabilities					
Finance lease liability	**76,060**	**83,280**	**43,638**	**39,642**	**-**
Long term advances	**4,744**	**4,744**	**2,314**	**2,430**	**-**
Trade and other payables	**402,833**	**402,833**	**402,833**	**-**	**-**
Short-term borrowings	**514,561**	**537,716**	**537,716**	**-**	**-**
	998,198	**1,028,573**	**986,501**	**42,072**	**-**

	2015				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	Rupees in '000'				
Non-derivative financial liabilities					
Finance lease liability	57,422	62,699	40,911	21,788	-
Long term advances	2,980	2,980	1,927	1,053	-
Trade and other payables	415,556	415,556	415,556	-	-
Short-term borrowings	412,645	437,404	437,404	-	-
	888,603	918,639	895,798	22,841	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. Rates of interest / mark - up and their maturities are given in the respective notes.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from bank, term deposits and deposits in profit and loss/saving accounts with banks and investments in mutual funds. At the balance sheet date profile of the Company's interest-bearing financial instrument is:

	2016	2015
	Rupees in '000'	
Financial assets		
Bank balances	**79,193**	418,683
Financial Liabilities		
Finance lease liability	**76,060**	57,422
Short-term borrowings	**514,561**	412,645
	590,621	470,067

Sensitivity analysis

The company has no instruments subject to fixed interest rate. The following table demonstrates the sensitivity to a reasonably possible change in the floating interest rates, with all other variables held constant, of the Company's profit net of tax.

Impact on Profit and loss account (net of tax)

As at 30 June

100 bps increase will result in decrease in profit by	**2,648**	874
100 bps decrease will result in increase in profit by	**2,648**	874

(d) Foreign Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. Majority of the revenue of the company is in currencies other than Pak Rupees. The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Sensitivity analysis

The following analysis demonstrates the impact of a 5% strengthening/weakening of the Pak Rupee against other currencies which include UK£, US$ AUS$, RMB¥, THB฿ & UAED at 30 June on equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

Impact on Profit and loss account (net of tax)

As at 30 June

Strengthening	**408,200**	271,937
Weakening	**(408,200)**	(271,937)

(e) Fair Value of Financial Assets and Liabilities

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

38.3 Financial Instruments By Catogory

Trade debts	**1,198,056**	448,668
Loans and advances	**7,134**	3,259
Security deposits	**7,697**	5,619
Other receivables	**148,427**	25,270
Due from related parties	**20,068**	107,508
Cash and Bank balances	**108,473**	447,595
Other Financial Assets at Cost		
Long Term Investments	**32,455**	15,188
	1,522,310	1,053,107
Financial liabilities at amortised cost		
Finance lease liability	**76,060**	57,422
Long term advances	**4,744**	2,980
Trade and other payables	**402,833**	415,556
Short-term borrowings	**514,561**	412,645
	998,198	888,603

39. PROVIDENT FUND RELATED DISCLOSURE

A joint provident fund is maintained by NetSol Group. The following information is based on the latest financial statements of the fund:

	2016 (Unaudited)	2015 (Audited)
	Rupees in '000'	
Size of the fund - Total Assets	**476,937**	354,473
Cost of investment made	**372,651**	302,263
Percentage of investment as size of fund	**82%**	89%
Fair value of investments	**392,372**	315,598

39.1 The breakup of fair value of investments is

	2016		2015	
	Investments Rupees in '000'	**Percentage of investment as size of fund**	Investments Rupees in '000'	Percentage of investment as size of fund
Bank Balances	**371,881**	**78%**	207,700	59%
Mutual Funds	**20,491**	**4%**	107,898	30%
	392,372	**82%**	315,598	89%

39.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2016 and 2015 respectively as follows:

	2016	2015
	No of Employees	
Average number of employees during the year	**1,164**	1,142
Number of employees as at year end	**1,213**	1,203

41. ANNUAL SOFTWARE DEVELOPMENT CAPACITY

The Company is engaged in Software development, maintenance and licensing. Due to complicated nature of the software development process annual development capacity can not be determined.

42. CORRESPONDING FIGURES

				2016	2015
				Rupees in '000'	
Corresponding figures have been re-classified for better presentation, in respect of following:					
Note	From	Note	To		
11.	Trade deposits & short term prepayments		Long term deposits	**1,600**	1,600

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 08, 2016 by the Board of Directors.

44. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 08, 2016 have recommended a final cash dividend of 5% i.e., Rs. 0.5 per share. The above recommendations of cash dividend are subject to the approval of the members at the Annual General Meeting to be held on October 25, 2016. These financial statements do not include the effect of the above recommendations and they will be accounted for in the period in which they are approved by the members.

45. FIGURES

Figures have been rounded off to the nearest thousand rupee.

CHIEF EXECUTIVE OFFICER DIRECTOR

CONSOLIDATED FINANCIAL

STATEMENTS

For the Year Ended June 30, 2016

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KABANI & COMPANY

CHARTERED ACCOUNTANTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THEMEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **NetSol Technologies Limited (the Holding Company)** and its subsidiary company NetSol Innovation (Private) Limited, as at **June 30, 2016** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of **NetSol Technologies Limited** and its subsidiary company. These financial statements are the responsibility of the **NetSol Technologies Limited's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the **NetSol Technologies Limited** and its subsidiary company as at **June 30, 2016** and the results of their operations for the year then ended.

Kabani & Company
Chartered Accountants
Lahore: September 08, 2016
Engagement Partner: Younus Kamran

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Consolidated Balance Sheet

As at June 30, 2016

	NOTE	2016	2015
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	**2,261,721**	2,477,636
Intangible assets	6	**2,195,996**	2,511,297
		4,457,717	4,988,933
Long term investment	7	**17,267**	-
Long term deposits		**1,600**	1,600
		4,476,584	4,990,533
CURRENT ASSETS			
Trade debts	8	**1,692,592**	783,280
Excess of revenue over billing	9	**618,020**	367,994
Loans and advances	10	**25,625**	10,227
Trade deposits & short term prepayments	11	**24,032**	24,538
Other receivables	12	**44,301**	25,464
Due from related parties	13	**20,068**	111,312
Taxation - net	14	**32,837**	36,618
Cash & bank balances	15	**326,902**	514,011
		2,784,377	1,873,444
TOTAL ASSETS		**7,260,961**	6,863,977

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

	NOTE	2016	2015
		Rupees in '000'	
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	16	**1,500,000**	1,500,000
Issued, subscribed and paid up capital	16	**891,544**	890,464
Share deposit money		**1,490**	13
Reserves	17	**4,718,507**	4,588,036
		5,611,541	5,478,513
Non - controlling Interest		**284,470**	208,574
		5,896,011	5,687,087
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	18	**40,744**	27,743
Deferred income	19	**-**	10
Long term advances	20	**8,937**	2,750
		49,681	30,503
CURRENT LIABILITIES			
Trade and other payables	21	**482,488**	452,694
Unearned revenue	22	**271,579**	237,995
Short term borrowings	23	**514,561**	412,645
Current portion of long term liabilities	24	**46,641**	43,053
		1,315,269	1,146,387
CONTINGENCIES & COMMITMENTS	25	**-**	-
TOTAL EQUITY AND LIABILITIES		**7,260,961**	6,863,977

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Consolidated Profit and Loss Account

For the year ended June 30, 2016

	NOTE	2016	2015
		Rupees in '000'	
Revenue - net	26	**4,074,187**	3,317,243
Cost of revenue	27	**(2,709,099)**	(2,484,709)
Gross Profit		**1,365,088**	832,534
Selling and promotion expenses	28	**(260,075)**	(208,081)
Administrative expenses	29	**(671,411)**	(558,793)
Other operating expenses	30	**(76,130)**	(37,787)
Other income	31	**13,669**	28,394
Operating profit		**371,141**	56,267
Finance cost	32	**(23,991)**	(12,323)
Profit before taxation		**347,150**	43,944
Taxation			
Current	33	**(38,180)**	(27,046)
Prior		**-**	(12,170)
		(38,180)	(39,216)
Profit after taxation for the period year		**308,970**	4,728
Attributable to:			
Owners of NetSol Technologies Limited		**129,778**	(128,727)
Non - controlling interest		**179,192**	133,455
		308,970	4,728
(Loss) / Profit earnings per share			
Basic - In Rupees	34	**1.46**	(1.45)
Diluted - In Rupees	34	**1.44**	(1.44)

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	Rupees in '000'	
Profit after taxation for the period	**308,970**	4,728
Other comprehensive income	**-**	-
Total comprehensive income for the period	**308,970**	4,728
Attributable to:		
Owners of NetSol Technologies Limited	**129,778**	(128,727)
Non - controlling interest	**179,192**	133,455
	308,970	4,728

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Consolidated Statement of Cash Flows

For the year ended June 30, 2016

	2016	2015
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	347,150	43,944
Adjustments for non cash charges and other items:		
Depreciation - own assets	391,517	464,720
Amortization of leased assets	27,977	28,649
Amortization of intangible assets	315,301	357,271
(Gain) / Loss on disposal of fixed assets	(318)	7,261
Bad Debts	2,335	8,103
Amortization of deferred revenue	(10)	(19)
Exchange loss / (gain) on debtors	76,112	31,648
Interest expense	22,762	11,284
Interest income	(10,104)	(25,723)
(Gain) on short term investment	(1,719)	(1,977)
Provision for doubtful debts	-	(44,371)
Donation	80	-
	823,933	836,846
Cash generated from operations before working capital changes	1,171,083	880,790
Decrease / (increase) in current assets and liabilities		
Trade debts	(1,201,865)	(284,528)
Loans and advances	(15,391)	3,919
Trade deposits & short term prepayments	506	(309)
Other receivables	(21,172)	(1,478)
Due from related parties	91,244	(18,001)
Trade and other payables	29,776	(99,072)
Cash (used in) /generated from operations	(1,116,902)	(399,469)
Interest paid	(22,853)	(31,799)
Income taxes paid	(34,399)	(29,824)
Dividend paid	(103,571)	(76,389)
Net cash (used in) / generated from operations	(106,642)	343,309
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipments purchased	(133,304)	(229,379)
Sales proceeds of fixed asset	11,777	97,137
Capital work in progress	(51,092)	(77,419)
Gain on investments	1,719	1,977
Long term investment	(17,267)	
Interest received	10,104	25,723
Net cash (used in) investing activities	(178,063)	(181,961)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	1,080	765
Share deposit money	1,477	-
Share premium	693	491
Paid against obligation under finance lease	(68,340)	(53,824)
Received against obligation under finance lease	53,850	36,677
Long term payable	-	(237,862)
Short term borrowing	101,916	212,645
Long term advances	6,920	3,784
Net cash (used in) / generated from financing activities	97,596	(37,324)
Net decrease in cash and cash equivalents	(187,109)	124,024
Cash and cash equivalents at the beginning of the period	514,011	389,987
Cash and cash equivalents at the end of the period	326,902	514,011

The annexed notes from 1 to 46 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended June 30, 2016

	Attributable to owners of the NetSol Technologies Limited						Non Controlling Interest	Total Equity
	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compensa-tion reserve	Capital reserve: Share premium	Revenue reserve: Unap-prop-riated profit	Total		
	Rupees In '000'							
Balance as at June 30, 2014	889,699	13	1,880	297,320	4,417,072	5,605,984	151,491	5,757,475
Total comprehensive income for the period								
Net (loss) / profit for the year ended June 30, 2015	-	-	-	-	(128,727)	(128,727)	133,455	4,728
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	(128,727)	(128,727)	133,455	4,728
Shares deposit money against options exercised Shares issued against options exercised (76,500 shares at Rs. 10 each)	765	-	-	-	-	765	-	765
Amount transferred to share premium on issu-ance of shares against options exercised (76,500 shares at Rs. 1.48 each)	-	-	(113)	-	-	(113)	-	(113)
Shares premium on shares issued against options exercised	-	-	-	604	-	604	-	604
Distribution to owners								
By subsidiary to non-controlling interest								
- Cash dividend	-	-	-	-	-	-	(76,372)	(76,372)
Balance as at June 30, 2015	890,464	13	1,767	297,924	4,288,345	5,478,513	208,574	5,687,087
Balance as at June 30, 2015	890,464	13	1,767	297,924	4,288,345	5,478,513	208,574	**5,687,087**
Total comprehensive income for the period								
Net (loss) / profit for the year ended June 30, 2016	-	-	-	-	129,778	129,778	179,192	**308,970**
Other comprehensive income	-	-	-	-	-	-	-	**-**
	-	-	-	-	129,778	129,778	179,192	**308,970**
Shares issued against options exercised (108,000 shares at Rs. 10 each)	1,080	-	-	-	-	1,080	-	**1,080**
Amount transferred to share premium on issu-ance of shares against options exercised (108,000 shares at Rs. 1.48 each)	-	-	(160)	-	-	(160)	-	**(160)**
Share premium on shares issued against options exercised	-	-	-	853	-	853	-	**853**
Distributions to owners								
- By subsidiary to non-controlling interest								
cash dividend	-	-	-	-	-	-	(103,296)	**(103,296)**
Amount received against option excersised	-	1,477	-	-	-	-	-	**1,477**
Balance as at June 30, 2016	**891,544**	**1,490**	**1,607**	**298,777**	**4,418,123**	**5,610,064**	**284,470**	**5,896,011**

Notes to the Consolidated Accounts

For the year ended June 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group ("the Group") consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

NetSol Technologies Limited ('the Company") incorporated in Pakistan on August 22, 1996 under the Companies Ordinance, 1984 as a private company limited by shares was later on converted into public limited company on November 05, 2004. The Company was listed on Karachi Stock Exchange on August 26, 2005 and subsequently also got listed on Lahore Stock Exchange and Islamabad Stock Exchange. Due to de-mutualization of stock exchanges, all these stock exchanges have mergered in 2015 to form Pakistan Stock Exchange. As a result of this merger, the company is now listed at Pakistan Stock Exchange. The business of the Company is development and sale of computer software and its related services in Pakistan as well as abroad. The registered office of the Company is situated NetSol IT Village, Lahore Ring Road, Main Ghazi Inter-change, Lahore Cantt. Pakistan

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (the SECP) differ with the requirements of these standards, requirements of the Ordinance or the requirements of the said directives take precedence.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Accounting policies

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, 2015.

2.5 Standards and interpretations that became effective

The following standards (revised or amended) and interpretations became effective for the current financial year but either not relevant or do not have any material effect on the financial statements of the Group:

IFRS 10	Consolidated Financial Statements (Amendments)
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interest in Other Entities.
IFRS 13	Fair Value Measurement
IAS 19	Employee Benefits (Amendments)

2.6 Standards and interpretations issued but not yet effective for the current financial year

		Effective for periods beginning on or after
IFRS 7	Disclosures Initiative (Amendments)	Jan-01 2017
IAS 12	Recognition of Deferred Tax Assets (Amendments)	Jan-01 2017
IFRS 15	Revenue from Contracts with Customers	Jan-01 2018
IFRS 9	Financial Instruments	Jan-01 2018
IFRS 16	Leases	Jan-01 2019

The Group expects that the adoption of the above revisions, amendments and interpretations of the Standards will not affect the Group's financial statements except enhanced disclosures.

2.7 Basis of Consolidation

The consolidated financial statements include the financial statement of the holding Company and its subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

The assets and liabilities of the subsidiary, have been consolidated on line-by-line basis and the carrying values of the investment held by the holding Company is eliminated against the subsidiary's share capital and pre-acquisition reserves, if any in the consolidated financial statements. Material intra-group balances and transactions are eliminated.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the holding Company or power to govern the financial and operating policies of the subsidiary is established and is excluded from consolidation from the date of disposal or cessation of control.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the holding Company.

3. USE OF ESTIMATES AND JUDGMENT

The preparation of 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.

The areas involving higher degree of judgement or complexity are as follows:

i. Provision for doubtful debts

ii. Provision for taxation

iii. Useful life of depreciable assets

iv. Useful life of intangible assets

v. Contingencies

Notes to the Consolidated Accounts

For the year ended June 30, 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

(i) Owned assets

Property, plant and equipment except for free hold land are stated at cost less accumulated depreciation and any impairment losses. Free hold land is stated at cost less any identified impairment loss.

Depreciation is charged by applying reducing balance method to write off the cost over the remaining useful life of the assets. Rates of depreciation are stated in note 5.1.

Depreciation on additions to property, plant and equipment is charged for the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major repairs and improvements are capitalized.

The carrying amount of property, plant and equipment is removed from the balance sheet upon scrapping or disposal or when no future economic benefit is expected from its use, scrapping or disposal.

Gain or loss on scrapping or disposal of assets, if any, is charged to profit and loss account.

(ii) Assets subject to finance lease

Assets acquired under finance leases are capitalized and are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the leases are accounted for as current and non-current liabilities. Leasing payments are recognised as interest and repayment of liability.

Assets acquired under finance lease are amortized over the useful life of the assets using reducing balance method at the rates given in note 5.4

Amortization on additions is charged for the month in which an asset is acquired under the finance lease while no amortization is charged for the month in which the asset is disposed off.

(iii) Capital work in progress

Capital work in progress is stated at cost less any impairment losses. It represents expenditure incurred on property, plant and equipment during construction and installation. Cost also includes applicable borrowing costs. These expenditures are transferred to relevant assets' category as and when assets are available for use.

4.2 Intangible assets

Research and software products development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, it is probable that future economic benefits will flow to the Group, the Group has an intention and ability to complete and use or sell the software and cost can be measured reliably.

There are two components of intangible assets:

a. In-house developed intangible assets

b. Intangible assets acquired from market

(a) In-house developed intangible assets

The Group capitalizes certain computer software development costs in accordance with IAS 38 Intangible Assets. Costs incurred internally to create a computer software product or to develop an enhancement to an existing product are charged to expense when incurred as research and development expense until technological feasibility for the respective product is established. Thereafter, all software development costs are capitalized and reported at the lower of unamortized cost or net realizable value. Capitalization ceases when the product or enhancement is available for general release to customers.

The Group makes ongoing evaluations of the recoverability of its capitalized software projects developed in-house by comparing the amount capitalized for each product to the estimated net realizable value of the product. If such evaluations indicate that the unamortized software development costs exceed the net realizable value, the Group writes off the amount by which the unamortized software development costs exceed net realizable value. Capitalized software costs are amortized on a product-by-product basis. Annual amortization is charged by using straight-line method over the remaining estimated economic life of the product including the period being reported on. Amortization starts when the product is available for general release to customers.

(b) Intangible assets acquired from market

Intangible assets acquired from market are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenses are charged to profit and loss account when they occur.

Amortization is charged by applying reducing balance method to write off the cost over the remaining useful life of the intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Amortization on additions to acquired intangible assets is charged for the month in which an asset is acquired while no amortisation is charged for the month in which the asset is disposed off. Rates of amortization are stated in note 6.

4.3 Impairment

(a) Financial Asset

At each balance date the company assesses whether there is any objective evidence that a financial asset or a group of financial asset is impaired. A financial asset is deemed to be impaired if and only if there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Any impairment loss on financial assets, including the financial assets carried at amortized cost, is recognized in profit and loss account.

(b) Non Financial Asset

The Group continually assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

Notes to the Consolidated Accounts

For the year ended June 30, 2016

4.4 Foreign currency translation

Transactions denominated in foreign currencies are translated in Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities measured at historical cost are translated at the exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rate prevailing at the date when fair values were determined. All exchange differences are charged to profit and loss account.

4.5 Staff benefits

(i) Retirement benefits

The Group operates contributory provident fund for all its permanent staff. Contributions are made equally by the group and the employee 10% basic salary in the provident fund on monthly basis. Group's contribution is recognised as a cost in the profit and loss account. The fund is administrated by the Trustees.

(ii) Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognised as cost when related services are received.

(iii) Employees' share option scheme

The holding Company operates an equity settled share based Employee' Share Option Scheme ('Scheme"). At the grant date of share options ('Options") to the employees, the holding Company initially recognises 'Deferred Employee Compensation Expense" with corresponding credit to equity as 'Deferred Employee Compensation Reserve" at the fair value of option at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in profit or loss, employee compensation expense in profit or loss will be reversed equal to the amortized portion with a corresponding effect to deferred employee compensation reserve in the balance sheet. When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit or loss is reversed with a corresponding reduction to deferred employee compensation reserve in the balance sheet. When the options are exercised, deferred employee compensation reserve relating to these options is transferred to share capital and share premium account. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium account.

4.6 Taxation

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

4.7 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Group.

Liabilities for creditors and other amounts payable in foreign currency are revalued by applying the exchange rate applicable on balance sheet date.

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.8 Trade debts

Trade debts from local customers are stated at cost while foreign debtors are stated at re-valued amount by applying exchange rate applicable on balance sheet date. An estimate is made for doubtful receivables when collection of amount is not probable and the amount of trade debts is reduced by such provision. Debts considered irrecoverable are written offagainst provision.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at current or saving accounts held with banks, fixed deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include facilities of running finance that form an integral part of the Group's cash management.

4.10 Revenue recognition

(i) License sale

The Group recognizes revenue from license contracts without major customization when a non-cancellable, non-contingent license agreement has been signed, delivery of the software has occurred, fee is fixed or determinable, and collectability is probable.

Revenue from sale of license with major customization, modification, and development is recognized on percentage of completion basis.

(ii) Rendering of services

Revenue from software services is recognized in accordance with the percentage of completion method. An output measure i.e. Unit Completion Method is used to determine the percentage of completion. Unit completed are certified by the CFO and EVP IT/ Operations.

(iii) Maintenance

Revenue from maintenance is recognized on time proportion basis.

(iv) Sale of hardware and third party software

Revenue from sale of hardware and third party software is recognized when delivery has occurred and invoices are raised to customers.

The Group's revenue recognition policies are in compliance with all applicable accounting regulations including IAS 18 'Revenue".

(v) Miscellaneous

Interest on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Gains or losses resulting from re-measurement of investment at fair value through profit or loss are recognised in the profit and loss account.

Rental income is recognized on time proportion basis.

Dividend income is recognised as income when the right of receipt is established.

Miscellaneous income is recognized on receipt basis.

4.11 Borrowing costs

Borrowing costs directly attributable for the construction /acquisition of qualifying assets are capitalized up to the date, including the period when technical and administrative work is carried on, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

Notes to the Consolidated Accounts

For the year ended June 30, 2016

4.12 Off-setting of financial asset and liability

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amount and the Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.13 Financial instruments

(i) Financial assets

All financial assets have been stated in accordance with the requirements of IAS–39 (Financial Instruments: Recognition and Measurement). Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at cost, which is the fair value of the consideration given at initial recognition. Subsequent to initial recognition, financial assets are carried at fair value except for any financial assets whose fair value cannot be estimated reliably. Financial assets are derecognized when the Company loses control of the contractual rights that comprises the financial asset.

The Group classifies its financial assets in the following categories: held to maturity investments, loans and receivables, available for sale investments and investments at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Group commits to purchase or sell the asset.

(a) Held to maturity investments

Investments with fixed payments and maturity that the Group has the intent and ability to hold to maturity are classified as held to maturity investments and are carried at amortised cost less impairment losses. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

(c) Available for sale investments

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Available for sale investments are initially recognised at cost and carried at fair value at the balance sheet date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the balance sheet date. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. Adjustment arising from re-measurement of investment to fair value is recorded in other comprehensive income and taken to profit and loss account on disposal of investment or when the investment is determined to be impaired.

(d) Financial assets at fair value through profit or loss

This category consists of two subcategories: (i) financial assets held for trading and (ii) financial assets that the Group initially chooses to put in this category. A financial asset is classified as held for trading if it is acquired with the aim of being sold in the short term. Assets in this category are measured continually at fair value, and the changes in value are recognised directly in the profit and loss account.

(ii) Financial liabilities

All financial liabilities have been stated in accordance with the requirements of IAS–39 (Financial Instruments: Recognition and Measurement). Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.All financial liabilities are initially recognized at cost, which is the fair value of the consideration received at initial recognition. Subsequent to initial recognition financial liabilities are carried at fair value, amortized cost or cost as the case may be. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on subsequent re-measurement or derecognizing is included in the profit and loss account for the period in which it arises.

4.14 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.15 Leasing

(i) Operating Leases

Leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating lease. Expenses for operating leases are recognised in the profit and loss account over the leasing period on a straight-line basis. Variable expenses are recognised in the periods when they arise.

(ii) Finance Leases

Finance leases transfers to the Group substantially all the risks and rewards incidental to ownership of the leased assets. The minimum lease payments are divided between interest costs and repayment of the outstanding liability. Interest costs are distributed over the period of the lease so that each accounting period includes an amount corresponding to a fixed interest rate for the liability recognised in each period. Variable payments are recognised in the periods when they arise.

4.16 Related party transactions

The Group enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the group to do so.

4.17 Fair value

The fair value of financial instruments that are actively traded in organised financial markets is determined but reference to quoted market bid prices at the close of business on the balance sheet date. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

4.18 Segment reporting

The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Senior Management Team that makes strategic decisions. The management has determined the operating segments based on the reports reviewed by CODM of the Group. For management purposes, the Group is organised into operating segments based on their products and services. Each operating segment has a manager responsible for the operations who periodically reports to the CODM the outcome of the operating segment's efforts and its resource requirements. Additional disclosures on each of these segments are shown in Notes, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Consolidated Accounts

For the year ended June 30, 2016

			2016	2015
			Rupees in '000'	
5.	**PROPERTY, PLANT & EQUIPMENT**			
	Net book value of owned assets	5.1	**2,100,708**	2,337,727
	Net book value of leased assets	5.4	**159,177**	116,258
	Capital work in progress	5.6	**1,836**	23,651
			2,261,721	2,477,636

5.1 Following is statement of owned assets

Particulars	COST: As at Jul 01, 2015	COST: Additions / (Deletions)	COST: As at June 30, 2016	DEPRECIATION: Rate %	DEPRECIATION: As at Jul 01, 2015	DEPRECIATION: Adjustment during the year	DEPRECIATION: Charge for the year	DEPRECIATION: As at June 30, 2016	Net book value as at June 30, 2016
	2016								
	Rupees In '000'								
Tangible Assets									
Land - freehold	254,229	-	254,229	-	-	-	-	-	254,229
Building on free hold land	906,663	45,898	952,561	5	117,669	-	40,142	157,811	794,750
Furniture & fixtures	62,613	10,407	72,960	10	11,049	-	5,761	16,790	56,170
		(60)				(19)			
Vehicles	83,539	85,938	94,087	20	43,139	10,586	9,176	52,486	41,601
		(75,390)				(10,415)			
Computers	1,403,218	52,264	1,454,007	20~33	705,247	3,578	198,097	905,734	548,273
		(1,476)				(1,189)			
Air conditioners	36,478	3,385	39,700	10	5,204		3,338	8,460	31,240
		(163)				(82)			
Office equipment	44,287	9,348	53,626	10	12,985	(5)	3,644	16,623	37,003
		(8)							
Electric fittings	49,371	-	49,371	10	1,169	-	4,820	5,989	43,382
Generator	34,137	7,372	41,509	10	11,655	-	2,779	14,435	27,074
Leasehold improvements	21,236	19,381	40,617	20	4,546	-	6,731	11,277	29,340
Intangible Assets									
Software	885,465	56	885,521	33	530,846		117,030	647,875	237,646
	3,781,236	234,049	3,938,188		1,443,509	14,164	391,518	1,837,480	2,100,708
		(77,097)				(11,710)			

The detail for assets disposed off during the year is given in note 5.3.

Particulars	2015								
	COST			DEPRECIATION					Net book value as at Jun 30, 2015
	As at Jul 01, 2014	Additions / (Deletions)	As at Jun 30, 2015	Rate %	As at Jul 01, 2014	Adjustment during the year	Charge for the year	As at Jun 30, 2015	
	Rupees In '000'								
Tangible Assets									
Land - freehold	331,144	-	254,229	-	-	-	-	-	254,229
		(76,915)							
Building on free hold land	618,480	288,183	906,663	5	90,046	-	27,623	117,669	788,994
Furniture & fixtures	45,864	19,667	62,613	10	7,856	-	4,507	11,049	51,564
		(2,918)				(1,314)			
Vehicles	84,751	32,269	83,539	20	44,273	6,351	9,146	43,139	40,400
		(33,481)				(16,631)			
Computers	1,283,688	137,345	1,403,218	20~33	465,664	13,582	242,343	705,247	697,971
		(17,815)				(16,342)			
Air conditioners	16,807	20,658	36,478	10	4,204		1,538	5,204	31,274
		(987)				(538)			
Office equipment	33,693	10,763	44,287	10	10,099		2,957	12,985	31,302
		(169)				(72)			
Electric fittings	1,118	48,253	49,371	10	728	-	441	1,169	48,202
		-							
Generator	34,137	-	34,137	10	9,158	-	2,497	11,655	22,482
Leasehold improvements	22,814	10,011	21,236	20	10,363	-	4,172	4,547	16,690
		(11,589)				(9,989)			
Intangible Assets									
Software	909,771	25,540	885,465	33	405,785	-	169,496	530,846	354,619
		(49,846)				(44,436)			
	3,382,268	592,689	3,781,237		1,048,177	19,933	464,720	1,443,510	2,337,727
		(193,720)				(89,322)			

		2016	2015
		Rupees in '000'	
5.2 Depreciation is allocated in the following manner			
Cost of revenue	26	**296,741**	351,847
Administrative expenses	27	**94,776**	112,873
		391,517	464,720

Notes to the Consolidated Accounts

For the year ended June 30, 2016

5.3 The detail of operating assets disposed off during the year are as follows

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Computers-Laptop	66	53	13	7	Company Policy	Jawad Naeem (Employee)
Computers-Laptop	66	53	13	7	Company Policy	Shah Khlaid (Employee)
Computers-Laptop	121	91	30	12	Company Policy	Muhammad Shakil Khalid (Employee)
Computers-Laptop	107	64	43	43	Company Policy	Ahsan Fayyaz (Employee)
Computers-Laptop	67	55	12	7	Company Policy	Mohsin Hanif (Employee)
Computers-Laptop	67	55	12	7	Company Policy	Salman Qadir (Employee)
Computers-Laptop	164	132	32	16	Company Policy	Tanzeer Ahmed Mirza (Employee)
Computers-Laptop	164	132	32	16	Company Policy	Saqib Sardar (Employee)
Computers-Laptop	67	56	11	7	Company Policy	Kashif Ahmed Ansari (Employee)
Computers-Laptop	67	56	11	7	Company Policy	Shahid Mukhtar (Employee)
Computers-Laptop	67	56	11	7	Company Policy	Syed Rehan Kazmi (Employee)
Computers-Laptop	146	122	24	15	Company Policy	Tamoor Ahmad (Employee)
Computers-Laptop	146	122	24	15	Company Policy	Zahid Mushtaq (Employee)
Computers-Laptop	164	137	27	16	Company Policy	Suhail Sarwar (Employee)
Air Conditioner	68	28	40	-	Donation	Police Facilitation Centre (Employee)
Air Conditioner	95	55	40	-	Donation	Police Facilitation Centre (Employee)
Furniture & Fixture	5	3	2	1	Negotiation	Saeed Auction House (Employee)
Furniture & Fixture	5	3	2	1	Negotiation	Saeed Auction House (Employee)
Furniture & Fixture	2	1	1	1	Negotiation	Saeed Auction House (Employee)
Furniture & Fixture	8	5	3	2	Negotiation	Saeed Auction House (Employee)
Furniture & Fixture	5	2	3	2	Negotiation	Saeed Auction House (Employee)
Furniture & Fixture	11	2	9	4	Negotiation	Saeed Auction House (Employee)
Furniture & Fixture	25	4	21	9	Negotiation	Saeed Auction House (Employee)
Office Equipement	8	4	4	2	Negotiation	Saeed Auction House (Employee)
Vehicle	1,750	740	1,010	840	Company Policy	Shakeel Khalid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Syed Muhammad Qasim (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Adil Mukhtar (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Kalim ullah (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Waseem Shehzad (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Adil Farooq (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Adeel Khan Durrani (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Faisal Hayat (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Rohail Iqbal (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Ahmed Naveed Zafar (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Noman Zahid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Sajid Mehmood (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Naseem Amjad (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Umair Ali Malhi (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Zahid Naveed (Employee)

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Vehicle - Motor Bike	40	15	25	13	Company Policy	Amjad Hussain (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Asif Tanveer (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Malik Adeel Imtiaz (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Shoaib Rauf (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Amir (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Mohammad Sheharyar Siddiqui (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Zia Ul Haq (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Furqan Saeed (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Yasir Arif (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Jawaad Haider Aslam (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Sharafat Ali (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Salman Zahid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Shahid Ali (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Rizwan Saeed (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Hafiz Muhammad Ammar Aslam (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Mohsin Ishfaq (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Fahid Ilyas (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Zaheer Abbas (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Khurram Latif (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Amir Siddiqui (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Imran Khan (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Umair Khalid (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Saif Ud Din (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Umer Zia (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Shoaib ur Rehman Khan (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Imran Zaheer (Employee)
Vehicle - Motor Bike	40	15	25	13	Company Policy	Muhammad Khalid Shafiq (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Muhammad Ali Naqvi (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Mohsin Sattar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Faisal Muneer (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Inaam Ur Rehman (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Hafiz Muhammad Yahya Ashfaq (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rizwan Younas (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Atif Amjad (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Ali Farooq (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Zohaib Alam (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Sadia Zafar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Nasir Ahmad (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Muhammad Sheeraz Gull Khan (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Waqas Shoukat (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Shahid Khawaja (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Farhan Akhter (Employee)

Notes to the Consolidated Accounts

For the year ended June 30, 2016

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Vehicle - Motor Bike	51	19	32	16	Company Policy	Mubashir Hussain (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Saud Saeed (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	(Employee) Ibrar Ahmed
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rizwan Yaqoob (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Sana Faisal Raza (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Osama Yasar Butt (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rizwan Ali (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Syed Hamid Raza (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Rafi Ullah Shah (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Muhammad Adil (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Asmat Ullah Khan (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Waqas Liaqat Ali (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Ahmad Ibrar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Yasir Nisar (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Adnan Butt (Employee)
Vehicle - Motor Bike	51	19	32	16	Company Policy	Syed Hasnain Bukhari (Employee)
Vehicle - Motor Bike	40	17	23	13	Company Policy	Muhammad Hassan Rasheed (Employee)
Vehicle - Motor Bike	40	17	23	13	Company Policy	Ammar Saeed (Employee)
Vehicle - Motor Bike	40	17	23	13	Company Policy	Muhammad Rizwan Afzal (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Saif Muhammad (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Sultan Mehmood (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Waqas Baig (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Zeeshan Khalil (Employee)
Vehicle - Motor Bike	40	17	24	13	Company Policy	Johar Ali (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Muhammad Saad Hassan Khan (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Awais Umer (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Rana Rizwan Sarwar (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Atif Abbas (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Muhammad Umar (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Sajid Iqbal (Employee)
Vehicle - Motor Bike	51	21	30	17	Company Policy	Abid Hussain Tabassum (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Shahzaib Hassan Shahid (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Mirza Waqas baig (Employee)
Vehicle - Motor Bike	51	21	30	16	Company Policy	Usman Ali (Employee)
Vehicle - Motor Bike	45	10	35	27	Company Policy	Aaban Tariq Murtaza (Employee)
Vehicle	1,690	697	993	963	Company Policy	Ahsan Fyyaz (Employee)
Vehicle	1,462	907	555	600	Company Policy	Sheikh Babar Yahya (Employee)
Vehicle	12,500	6,491	6,009	7,821	Negotiation	Muhammad Moeen
Vehicle - Motor Bike	44	6	38	32	Company Policy	Syed Shahzad (Employee)
Vehicle	8,170	-	8,170	8,170	Sale and lease back	Fist Habib Modarba
Vehicle	2,394	-	2,394	2,394	Sale and lease back	Fist Habib Modarba
Vehicle	1,845	-	1,845	1,845	Sale and lease back	Fist Habib Modarba
Vehicle	7,600	-	7,600	7,600	Sale and lease back	Askari Bank Limited
Vehicle	33,840	-	33,840	33,840	Sale and lease back	Askari Bank Limited
2016	**77,097**	**11,708**	**65,390**	**65,627**		
2015	193,720	89,322	104,393	97,137		

5.4 Following is statement of leased assets

	2016								
Particulars	COST			DEPRECIATION					Net book value as at June 30, 2016
	As at Jul 01, 2015	Additions / (Deletions)	As at June 30, 2016	Rate %	As at Jul 01, 2015	Adjustment during the year	Charge for the year	As at June 30, 2016	
	Rupees In '000'								
Vehicles	80,956	84,196	142,671	20	21,337	-	17,603	28,364	114,307
		(22,481)				(10,576)			
Computers	46,039	-	41,066	33	20,719	-	7,242	24,383	16,683
		(4,973)				(3,578)			
Air conditioners	19,140	-	19,140	10	2,919	-	1,622	4,541	14,599
Generator	17,045	-	17,045	10	1,947	-	1,510	3,457	13,588
	163,180	**84,196**	**219,922**		**46,922**	**(14,154)**	**27,977**	**60,745**	**159,177**
		(27,454)							

	2015								
Particulars	COST			DEPRECIATION					Net book value as at Jun 30, 2015
	As at Jul 01, 2014	Additions / (Deletions)	As at Jun 30, 2015	Rate %	As at Jul 01, 2014	Adjustment during the year	Charge for the year	As at Jun 30, 2015	
	Rupees In '000'								
Vehicles	76,712	19,270	80,956	20	14,904	-	12,784	21,337	59,619
		(15,026)				(6,351)			
Computers	56,548	8,907	46,039	33	21,758	-	12,543	20,719	25,320
		(19,416)				(13,582)			
Air conditioners	19,140	-	19,140	10	1,117	-	1,802	2,919	16,221
Generator	8,545	8,500	17,045	10	427	-	1,520	1,947	15,098
	160,945	36,677	163,180		38,206	-	28,649	46,922	116,258
		(34,442)				(19,933)			

Notes to the Consolidated Accounts

For the year ended June 30, 2016

			2016	2015
			Rupees in '000	
5.5	**Amortization is allocated in the following manner**			
	Cost of revenue	27	**21,697**	21,691
	Administrative expenses	29	**6,280**	6,958
			27,977	28,649
5.6	**Capital work-in-progress**			
	Civil works for leasehold improvements		**-**	1,732
	Advance against assets		**1,836**	7,919
	Advance against leasehold improvements			14,000
			1,836	23,651

5.6.1 The movement in capital work-in-progress during the year is as under:

	2016	2015
Opening Balance	**23,651**	293,032
Additions during the year	**53,943**	96,163
Transfers:		
Building	**45,898**	288,182
Leasehold Improvements	**19,381**	-
Furniture and Fixtures	**3,274**	10,755
Computers	**214**	-
Office equipments	**689**	-
Generator	**3,680**	-
Air conditioners	**1,297**	18,354
Vehicle - Own	**1,325**	-
Electric fittings	**-**	48,253
	(75,758)	(365,544)
Closing balance	**1,836**	23,651

5.6.2 Extension of existing building is completed and transferred to respective heads of property, plant and equipment.

5.6.3 During the year borrowing cost amounting to Rs. 0.383 million (2015 : Rs. 18.745 million) has been capitalized in the capital work in progress pertaining to construction of building.

6. INTANGIBLE ASSETS

Particulars	2016							
	COST			AMORTISATION				Net book value as at June 30, 2016
	As at Jul 01, 2015	Additions / (Deletions)	As at June 30, 2016	Rate %	As at Jul 01, 2015	Charge for the year	As at June 30, 2016	
	Rupees In '000'							
In-house Developed Software								
NetSol Financial Suite	213,225	-	213,225	10 ~ 20	213,225	-	213,225	-
SMART	137,149	-	137,149	10	82,290	13,715	96,005	41,144
NFS Ascent	2,935,038	-	2,935,038	10	546,621	293,504	840,125	2,094,913
HMIS	35,146	-	35,146	10	5,565	3,514	9,079	26,067
Business Intelligence Scoring Model & Risk Management	45,671	-	45,671	10	7,231	4,568	11,799	33,872
	3,366,229	-	3,366,229		854,932	315,301	1,170,233	2,195,996

Particulars	2015							
	COST			AMORTISATION				Net book value as at Jun 30, 2015
	As at Jul 01, 2014	Additions / (Deletions)	As at Jun 30, 2015	Rate %	As at Jul 01, 2014	Charge for the year	As at Jun 30, 2015	
	Rupees In '000'							
In-house Developed Software								
NetSol Financial Suite	213,225	-	213,225	10 ~ 20	171,254	41,971	213,225	-
SMART	137,149	-	137,149	10	68,575	13,715	82,290	54,859
NFS Ascent	2,935,038	-	2,935,038	10	253,118	293,503	546,621	2,388,417
HMIS	35,146	-	35,146	10	2,050	3,515	5,565	29,581
Business Intelligence Scoring Model & Risk Management	45,671	-	45,671	10	2,664	4,567	7,231	38,440
	3,366,229	-	3,366,229		497,661	357,271	854,932	2,511,297

		Note	2016	2015
			Rupees in '000'	
6.1	Amortization is allocated in following manner			
	Cost of revenue	27	**315,301**	357,271

6.2 NetSol Financial Suite has been fully amortized during the year but the company is still generating revenues from its sale.

7. LONG TERM INVESTMENTS - at cost

	Note	2016	2015
EEGEO Inc. (Unquoted company)	7.1	**17,267**	-
		17,267	-

Notes to the Consolidated Accounts

For the year ended June 30, 2016

7.1 .1 During the fiscal year 2016, the Company agreed to purchasse 12.2% investment in eeGeo, Inc. a UK based gaming and 3D mapping Company (a Delware Corporation) for $2,777,778 which will be earned over future periods by providing IT and enterprise software solutions. Per agreement, the Company will provide a minimum of $200,000 of services in each three-month period and the entire balance is required to be provided within three years of the date of the agreement. As of June 30, 2016, the Company has provided services valued at $164,794 (PKR 17,267,000) which is recorded as investment.

7.1.2 In connection with the investment, the Company received a warrant to purchase preferred stock which are excercisable into share of the 'Next Round Preferred" , only if and when the Next Round Preferred is issued by eeGeo, Inc., in a 'Qualified Financing". The warrants expire on March 2, 2020.

7.1.3 Mr. Ian Hetherington is the Chief Executive Officer of eeGeo, Inc.

8. TRADE DEBTS

Considered good - unsecured	8.2	**1,692,592**	783,280
Considered doubtful - unsecured	8.3	**48,748**	51,850
		1,741,340	835,130
Less: provision for doubtful debts		**(48,748)**	(51,850)
		1,692,592	783,280

8.1 Amount receivable from related parties included in trade debts are as under:

The Innovation Group (EMEA) Limited - UK	**14,834**	-
1Insurer Inc. USA (Formerly The Innovation Group - US)	**223,647**	119,682
1Insurer Limited, UK	**256,055**	211,750
1Insurer Pty. Australia (Formerly The Innovation Group - AUS)	**-**	3,180
NetSol Technologies (Thailand) Limited	**183,968**	116,573
NetSol Technologies (Beijing) Company Limited	**163,364**	73,567
NetSol Australia Pty. Limited	**28,759**	-
	870,627	524,752

8.2 It represents amount receivable from customers. It is unsecured but considered good by the management.

8.3 The Group has created a general provision for future doubtful debts, if any. However, there is no history of doubtful debts from any of existing customers.

8.4 Movement in provision against doubtful trade debts is given below:

	2016	2015
	Rupees in '000'	
Balance as at July 1	**51,850**	96,221
Provision made during the year	**-**	-
Provision reversed during the year	**(3,102)**	(44,371)
Write offs during the year	**-**	-
Balance as at June 30	**48,748**	51,850

8.5 The aging of trade debts at June 30 is as follows:

	2016 Rupees in '000' Gross	2016 Rupees in '000' Impaired	2015 Rupees in '000' Gross	2015 Rupees in '000' Impaired
Not past due	**124,699**	**-**	160,101	-
Past due 1-180 days	**1,154,007**	**-**	626,317	-
Past due 181 days -1 year	**442,146**	**-**	36,010	-
More than one year	**20,488**	**-**	12,702	-
Total	**1,741,340**	**-**	835,130	-

8.6 The aging of trade debts due from related parties at June 30 is as follows:

	2016 Gross	2016 Impaired	2015 Gross	2015 Impaired
Not past due	**67,578**	**-**	103,986	-
Past due 1-180 days	**372,583**	**-**	420,642	-
Past due 181 days -1 year	**412,450**	**-**	124	-
More than one year	**18,016**	**-**	-	-
Total	**870,627**	**-**	524,752	-

9. EXCESS OF REVENUE OVER BILLING

It represents unbilled debtors arising due to recognition of revenue on the basis of percentage of completion as per IAS 18 'Revenue". It is unsecured but considered good by the management.

	Note	2016 Rupees in '000'	2015 Rupees in '000'
10. LOANS AND ADVANCES - Unsecured			
Considered good			
Loan to employees			
- to executives	10.1	**6,984**	3,096
Advances			
- to executives	10.2	**159**	227
- against expenses		**18,482**	6,904
		25,625	10,227

10.1 The loans to employees are given as loan and deducted from salaries. Maximum balance outstanding against loans to employees at the end of any month during the year was Rs. 11.5 million (2015: Rs. 5.371 million).

10.2 The advances to executives are given to meet business expenses and are settled as and when the expenses are incurred. Maximum balance outstanding against advances to executives at the end of any month during the year was Rs. 1.251 million (2015 : Rs. 0.782 million)

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2016	2015
Security deposit	**7,980**	5,990
Prepayments	**16,052**	18,548
	24,032	24,538

12. OTHER RECEIVABLES

	2016	2015
Guarantee margin	**493**	2,741
Sales Tax Refundable	**687**	11,700
Other receivable - considered good	**43,121**	11,023
	44,301	25,464

Notes to the Consolidated Accounts

For the year ended June 30, 2016

		2016	2015
		Rupees in '000'	
13.	**DUE FROM RELATED PARTIES**		
	NetSol Connect (Private) Limited	**6,232**	3,435
	NetSol Technologies (Beijing) Limited	**13,836**	104,073
	NetSol Technologies North America	**-**	3,804
		20,068	111,312

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

13.2 Maximum aggregate amount outstanding due from related party at the end of any month during the year was Rs. 215.08 million (2015 : Rs. 143.62 million).

			2016	2015
14.	**TAXATION - NET**			
	Tax receivable as at 1 July		**36,618**	46,011
	Tax payments		**16,294**	10,897
	Tax adjustments		**-**	(3,984)
	Provision for taxation		**(20,075)**	(16,306)
			32,837	36,618
15.	**CASH AND BANK BALANCES**			
	With banks			
	Saving accounts	15.1	**257,896**	473,559
	Current accounts		**47**	47
	Foreign currency current account		**64,317**	38,365
			322,260	511,971
	In hand		**4,642**	2,040
			326,902	514,011

15.1 The balances in savings accounts bear conventional mark up at 4% to 6% per annum. (2015 : 4% per annum)

16. SHARE CAPITAL

16.1 Authorised share capital

	2016	2015		2016	2015
	Number of shares			Rupees in '000'	
	150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000
16.2	Issued, subscribed & paid-up capital				
	42,003,691	41,895,691	Ordinary Shares of Rs. 10 each fully paid in cash	**420,037**	418,957
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
	89,154,423	89,046,423		**891,544**	890,464

		2016	2015
16.3	Reconciliation of number of shares issued, subscribed & paid-up		
	Number of shares outstanding as at July 1	**89,046,423**	88,969,923
	Ordinary Shares of Rs. 10 issued against options exercised	**108,000**	76,500
	Number of shares outstanding as at June 30	**89,154,423**	89,046,423

16.4 Owners of ordinary shares of the holding company are entitled to distributions approved by the holding Company, and the shareholding entitles the owners to vote at the general meetings, with one vote per share. All shares have the same right to holding Company's remaining net assets.

16.5 There are outstanding options granted to subscribe for ordinary shares of the holding Company granted under the employee share option plan

16.6 NetSol Technologies Inc. 24025, Park Sorrento, Suite 410, Calabasas CA 91302, is the parent company holding 66.56% (2015 : 65.10%) of issued capital of the Company.

16.7 The holding Company is not subject to any externally imposed capital requirements for the financial years 2015 and 2016.

		2016	2015
17. RESERVES		**Rupees in '000'**	
Capital reserve			
Premium on issue of ordinary shares		**298,777**	297,924
Revenue reserve			
Un - appropriated profit		**4,418,123**	4,288,345
Employee share option compensation reserve	17.1	**1,607**	1,767
		4,718,507	4,588,036

17.1 EMPLOYEE SHARE OPTION COMPENSATION RESERVE		
Balance at the beginning of the period	**1,767**	1,880
Options issued during the period	**-**	-
Amount transferred to Capital reserve on exercise of options	**(160)**	(113)
Balance at the end of the period	**1,607**	1,767

17.1.1 Employee Stock Option Scheme

After getting approval of the Employee Stock Option Scheme from the Securities and Exchange Commission of Pakistan, the board and the compensation committee granted 4.35 million stock options to its core team of employees on August 01, 2009 at a grant price of Rs. 16.42 per option. No Amount is paid or payable by employee on receipt of the option. No option carries the right to vote or dividend. According to the scheme, 40% of the options became exercisable after completion of 12 months from date of grant, 30% of the granted option became exercisable after completion of 24 months from the grant date and 20% of the granted option became exercisable after completion of 36 months from the grant date. The balance of 10% of the granted option will become exercisable after completion of eighty four months from the grant date. The options will lapse after 10 years of grant date, if not exercised.

The Company used Black Scholes pricing model to determine the fair value of options at the grant date. The fair value of the options as per model used and underlying assumptions are as follows.

Total number of options granted	**4,350,000**
Per option fair value at the grant date	**Rs. 1.48**
Average 30 days per share price preceding the date of grant	**Rs. 26.80**
Exercise price per option	**Rs. 16.42**
Annual volatility	**64.82%**

	2016	2015
	Number of Options	
Options outstanding at the beginning of the year	**1,196,000**	1,272,500
Options issued during the year	**-**	-
Options lapsed during the year	**-**	-
Options exercised during the year	**(108,000)**	(76,500)
Options outstanding at the end of the year	**1,088,000**	1,196,000

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For the year ended June 30, 2016

	2016	2015
	Rupees in '000'	
18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	**84,725**	68,869
Current portion of obligations shown under current liabilities	**(43,981)**	(41,126)
	40,744	27,743

Present value of minimum lease payments have been discounted at an implicit interest rate ranging between 8 % to 11.67 % (2015 : 9.18 % to 13.02%) to arrive at their present value. The lessee has the option to purchase the assets after expiry of the lease term.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	2016		
	Minimum Lease Payment	**Future Finance Charges**	**Present Value of Lease Liability**
Not later than one year	**49,208**	**5,227**	**43,981**
Later than one year but not later than five years	**43,493**	**2,750**	**40,743**
	92,701	**7,977**	**84,724**

	2015		
	Minimum Lease Payment	Future Finance Charges	Present Value of Lease Liability
Not later than one year	46,285	5,159	41,126
Later than one year but not later than five years	29,384	1,642	27,742
	75,669	6,801	68,868

	2016	2015
	Rupees in '000'	
19. DEFERRED INCOME		
Opening balance	**10**	29
Addition during the period	**-**	-
	10	29
Amortized during the period	**(10)**	(19)
Un amortized gain on sale and lease back transaction	**-**	10

This amount represents gain on sale and lease back of fixed assets. According to IAS 17 'Lease" this gain is deferred and amortized over the lease term.

	2016	2015
20. LONG TERM ADVANCES		
Long term advances	**11,597**	4,677
Less: Current portion	**(2,660)**	(1,927)
	8,937	2,750

20.1 These represent payments received from employees against provision of motor bikes and cars to them as per company policy and will be adjusted against the future sale of motor bikes and cars.

		2016	2015
21. TRADE AND OTHER PAYABLES		**Rupees in '000'**	
Creditors		**53,523**	56,916
Accrued liabilities		**217,868**	163,010
Interest accrued - secured		**4,602**	4,309
Due to related party	21.1	**138,422**	195,800
Withholding tax		**31,423**	13,314
Provident fund payable		**32,488**	12,037
Unclaimed dividend		**2,339**	2,614
Other payables		**1,823**	4,694
		482,488	452,694

21.1 Due to related party		
Parent		
NetSol Technologies Inc.	**134,936**	117,461
Associated		
NetSol Technologies Europe Ltd	**3,486**	73,174
NetSol Abraxas Pty. Ltd.	**-**	1,034
NetSol Technologies (Thailand) Ltd.	**-**	4,131
	138,422	195,800

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

21.3 The maximum aggregate amount outstanding due to related party at the end of any month during the period was Rs. 497.390 million (2015: Rs. 622 million).

22. UNEARNED REVENUE

It represents license, maintenance and services fee received in advance. The license and services fee are transferred to revenue on work done basis where as maintenance is transferred to revenue on time proportion basis.

It includes Rs. 2.032 million (2015 : 0.827 million) against NetSol Technologies Australia Pty. Limited.

23. SHORT TERM BORROWINGS

Export refinance - secured	23.1	**400,000**	300,000
Loan from related party	23.6	**114,561**	112,645
		514,561	412,645

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23.1 The facility for export refinance is available from Askari Bank Limited amounting upto Rs 400 million (2015 : Rs 300 million), availed Rs. 400 million (2015 : 300 million) It carries conventional mark-up of State Bank Refinance Rate+1% per annum (2015 : State Bank Refinance Rate+1% per annum). The interest rate ranged between 4.5% to 6% (2015 : 6 to 7.5%) during fiscal year 2016. The due balance is payable bi-annually.

23.2 A facility for issuance of guarantees (LG) is available from Askari Bank Limited upto Rs. 100 million (2015 : Rs. 100 million), availed Rs. 7.062 million. (2015 : Rs. 6.204 million)

23.3 A sublimit of LG is available from Askari Bank Limited for corporate credit cards upto Rs. 4 million (2015 : Rs. 4 million)

23.4 The company has a running finance facility from Askari Bank Limited as a sublimit to LG facility upto Rs. 75 million (2015 : 75 million) for working capital requirement. As at June 30, 2016 there is no balance outstanding against this facility. It carries markup at the rate of 3 month Kibor + 2%. (2015 : 3 month Kibor + 2%)

23.5 The facilities are secured by way of first exclusive charge over the Company's all present and future current assets/receivables of Rs. 634 million including Pari Passu 536 millions and Ranking charge 98 millions. (2015: Rs. 536 million) and first exclusive charge of Rs. 680 million over the land, building and equipment of the company. (2015: Rs. 680 million) equitable mortgage over following properties:

i) 9 Kanals located at Ghazi Road, Lahore Cantt.
ii) 2 Kanals located at Ghazi Road, Lahore Cantt.
ii) 16 Marlas located at Ghazi Road, Lahore Cantt.

23.6 This represent short term interest free loan of USD 1,086,254 (2015: US$ 1,086,254) from the holding company.

		2016	2015
		Rupees in '000'	
24. CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of lease liability	18	**43,981**	41,126
Current portion of long term advances	20	**2,660**	1,927
		46,641	43,053

25. CONTINGENCIES & COMMITMENTS

25.1 Contingencies

25.1.1 The Group has not charged Workers' Welfare Fund(WWF) under the WWF Ordinance, 1971 as the amendments made through Finance Act 2006 and 2008 relating to the scope and applicability of the same has been declared unconstitutional by the Honourable Lahore High Court through its judgement number 2011 PLD 2643. The matter is pending before the Honourable Supreme Court of Pakistan. However, management is confident that the decision of Lahore High Court shall prevail; accordingly no provision has been made by the company during the year in this regard.

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

25.2 Commitments

25.2.1 The Company has issued worth Rs. 7.062 million (June 2015 : Rs. 6.204 million) bank guarantees and bid bonds to various customers against sale of software and allied services.

25.2.2 The Company has no commitment under any capital purchase agreement as at June 30, 2016. (2015 : Rs. nil)

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

			2016	2015
26.	**REVENUE - NET**	Note	**Rupees in '000'**	
	Export Revenue			
	License		**430,422**	307,698
	Services		**2,872,238**	2,392,350
	Maintenance		**738,790**	590,287
			4,041,450	3,290,335
	Local Revenue			
	Services		**27,470**	10,172
	Maintenance		**10,505**	19,245
			37,975	29,417
	Sales tax		**(5,238)**	(2,509)
			4,074,187	3,317,243
27.	**COST OF REVENUE**			
	Salaries & benefits	27.1	**1,611,144**	1,310,788
	Consultancy charges		**77,819**	84,863
	Hardware and other material cost		**9,461**	519
	Software licences		**6,867**	5,525
	Staff training		**7,002**	3,021
	Rent, rates & taxes		**10,805**	9,441
	Travelling & conveyance		**127,895**	163,687
	Communication		**39,906**	28,407
	Utilities		**35,207**	36,598
	Printing & stationery		**4,819**	3,234
	Entertainment		**60,353**	43,372
	Insurance		**2,156**	2,941
	Vehicle running & maintenance		**22,519**	21,079
	Repair & maintenance		**55,024**	40,359
	Fee & subscription		**4,383**	66
	Depreciation	5.2	**296,741**	351,847
	Amortization of leased assets	5.5	**21,697**	21,691
	Amortization of intangible assets	6.1	**315,301**	357,271
			2,709,099	2,484,709

27.1. Salaries and benefits include Rs. 80.981 million (2015 : Rs. 53.811 million) in respect of retirement benefits.

Notes to the Consolidated Accounts

For the year ended June 30, 2016

		Note	2016	2015
			Rupees in '000'	
28.	**SELLING AND PROMOTION EXPENSES**			
	Salaries & benefits	28.1	**122,661**	50,643
	Rent, rates & taxes		**12,850**	3,329
	Travelling and conveyance		**29,313**	12,451
	Communication		**1,805**	1,629
	Utilities		**1,105**	2,781
	Printing & stationery		**536**	187
	Entertainment		**2,221**	2,506
	Insurance		**534**	187
	Vehicle running expenses		**3,069**	2,283
	Repairs and maintenance		**7,210**	2,210
	Commission on sales		**69,071**	96,189
	Tender money		**158**	521
	Sale promotional expenses		**9,542**	33,165
			260,075	208,081

28.1 Salaries and benefits include Rs. 2.312 million (2015 : Rs. 1.468 million) in respect of retirement benefits.

		Note	2016	2015
29.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	29.1	**295,056**	257,212
	Staff training		**540**	320
	Rent, rates and taxes		**15,971**	10,753
	Travelling and conveyance		**18,117**	16,122
	Communication & postage		**6,815**	7,175
	Printing and stationery		**1,715**	994
	Utilities		**13,979**	11,961
	Entertainment		**31,253**	21,308
	Insurance		**3,498**	10,902
	Advertisement		**1,698**	2,062
	Vehicle running expenses		**15,669**	13,162
	Repairs and maintenance		**65,252**	54,106
	Legal and professional charges		**7,409**	4,196
	Auditors remuneration	29.2	**4,625**	4,500
	News papers & periodicals		**312**	300
	Office supplies		**6,983**	4,769
	Charity & donation	29.3	**22,020**	18,035
	Fee & subscription		**8,493**	4,974
	Miscellaneous expenses		**150**	202
	Research and development cost		**48,465**	32,177
	Bad debts	29.4	**2,335**	8,103
	Provision for doubtful debts		**-**	(44,371)
	Depreciation	5.2	**94,776**	112,873
	Amortization of leased assets	5.5	**6,280**	6,958
			671,411	558,793

29.1 Salaries and benefits include Rs. 10.038 million (2015 : Rs. 8.21 million) in respect of retirement benefits.

		2016	2015
		Rupees in '000'	
29.2	**Auditors remuneration**		
	Audit fee	**2,200**	2,200
	Certifications of group reporting	**1,100**	1,100
	Professional services	**675**	600
	Out-of-pocket expenses	**650**	600
		4,625	4,500

29.3 Charity & donation

Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of Donee and address	Name of interested directors and nature of interest	
Shahid Javed Burki Institute of Public Policy at NETSOL	Shahid Javed Burki - Chairman Member Board of Directors	**6,625**
(126-B Ahmad Block, New Garden Town, Lahore)	Salim Ghauri - Member Board of Directors	

29.4 This relates to amount receivable from different local customers against tender money receivables.

		2016	2015
30.	**OTHER OPERATING EXPENSES**		
	Loss on disposal of assets	**18**	6,139
	Loss on foreign currency translation	**76,112**	31,648
		76,130	37,787
31.	**OTHER INCOME**		
	Income from financial assets		
	Profit on bank deposits	**10,014**	25,723
	Profit on short term investment	**1,719**	1,977
	Mark up on loans	**90**	-
		11,823	27,700
	Income from non-financial assets		
	Gain on disposal of assets	**336**	-
	Amortization of deferred revenue	**10**	19
	Rental income	**1,500**	600
	Miscellaneous income	**-**	75
		1,846	694
		13,669	28,394
32.	**FINANCE COST**		
	Lease finance charges	**6,424**	9,701
	Interest on loans	**16,338**	1,583
	Lease documentation charges	**55**	28
	Bank charges	**1,174**	1,011
		23,991	12,323

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For the year ended June 30, 2016

33. TAXATION

Income of the Group from export of computer software and its related services developed in Pakistan is exempt from tax up to 2019 as per clause 133 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.

	2016	2015
Reconciliation of income tax expense for the year	Rupees in '000'	
Accounting Profit	**347,150**	43,944
Enacted tax rate	**32%**	33%
Tax on accounting profit at enacted rate	**111,088**	14,502
Tax effect on income exempt from tax	**(68,851)**	26,360
Tax effect of income taxed at different rates	**(22,162)**	(24,555)
International taxation effect	**18,105**	10,740
Prior year	**-**	12,170
	38,180	39,216

The Group has made the provision for taxation based on its understanding of the tax laws and regulations and on the basis of advice from its tax consultant. These provisions may require change in case these laws and regulations are interpreted differently by tax authorities and the Group's appeals are not accepted at various forums.

34. (LOSS) / EARNINGS PER SHARE

	Note	2016	2015
Basic			
Profit / (loss) after taxation for the period		**129,778**	(128,727)
Average number of ordinary shares in issue during the period	34.1	**89,088**	88,999
Basic - In Rupees		**1.46**	(1.45)
Diluted			
Profit / loss after taxation for the period		**129,778**	(128,727)
Average number of ordinary shares in issue during the period	34.2	**89,865**	89,394
Diluted - In Rupee		**1.44**	(1.44)

		2016	2015
		Number in '000'	
34.1 Weighted average number of ordinary shares (basic)			
Issued ordinary shares as at July 1		**89,046**	88,970
Weighted average of shares issued during the year		**42**	29
Weighted average number of ordinary shares (basic) as at June 30		**89,088**	88,999
34.2 Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares (basic)	33.1	**89,088**	88,999
Effect of exercise of share options		**127**	395
Weighted average number of ordinary shares (diluted) as at June 30		**89,215**	89,394

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group were as follows:

	Chief Executive		Directors		Executives	
	2016	2015	**2016**	2015	**2016**	2015
	Rupees in '000'					
Managerial remuneration	**6,400**	5,800	**4,000**	3,600	**1,139,405**	668,482
Retirement benefits	**640**	320.00	**400**	360	**67,586**	49,894
Rent and house maintenance	**2,560**	2,320	**1,600**	1,440	**455,762**	246,642
Utilities	**640**	580	**400**	360	**113,941**	61,660
Medical expenses	**320**	265	**200**	178	**56,970**	29,887
Total	**10,560**	9,285	**6,600**	5,938	**1,833,664**	1,056,565
No. of Persons	**1**	1	**1**	1	**1,309**	680

The Chief Executive, Directors and some Executives have been provided with company maintained cars.

During the current year, CFO and one executive of the company excersised stock options under employee stock option scheme according to which 108,000 shares (2015: 76,500) were allotted to them respectively.

Nothing is paid to any non-executive director of the company in form of remuneration or other benefits except a fee approved by the board for attending the board meetings.

36. 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 shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debts or raise debts, if required.

As of the balance sheet date, the management considers that the capital of the Group is sufficient to meet the requirements of the business.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as follows:

		2016	2015
		Rupees in '000'	
Total debt	36.1	**601,946**	483,441
Less : Cash and cash equivalents		**(326,902)**	(514,011)
Net debt		**275,044**	(30,570)
Total equity	36.2	**5,896,011**	5,687,087
Gearing ratio (In percentage)		**5%**	0%

36.1 The total debt includes the long term financing, liabilities against assets subject to finance lease, short term borrowing and current portion of long term financing.

36.2 The total equity includes all the capital and reserves of the Company.

37. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, associated undertakings, directors of the Company, key employees and staff retirement fund. The Group in the 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 Group	**Nature of transactions**		
(i)	Associated undertaking	Rental Income	**1,500**	600
		Provision of services	**1,340,284**	1,031,330
		Purchase of services	**21,218**	10,755
		Purchase of assets	**-**	47,731
		Commission paid to key management personnels	**2,129**	68,676
(ii)	Post Employment benefit	Contribution to defined contribution plan	**93,331**	63,486

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38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

The Group's activities are exposed to a variety of financial risks. The Board of Directors of the holding company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The holding Company sets policies, strategies and mechanisms, which aim at effective management of these risks within its unique operating environment. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk .

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors of the holding Company. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Credit risk of the Group arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

		2016	2015
		Rupees in '000'	
Financial Assets			
Trade debts	38.1	**1,741,340**	835,130
Loans and advances		**7,143**	3,323
Security deposits		**7,980**	5,990
Other receivables		**43,121**	11,023
Due from related parties		**20,068**	111,312
Bank balances	38.2	**322,260**	511,971
		2,141,912	1,478,749

38.1 The Group does not have significant exposure to any individual customer. The Group has made allowances, where necessary, for potential losses on credits extended.

38.2 Bank balances are held only with reputable banks. The credit rating of banks holding balances is given below:

	Short term	Long Term	Rating Agency
Askari Bank Limited	A1+	AA+	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Summit Bank Limited	A-1	A-	JCR-VIS

(b) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2016				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
			Rupees in '000'		
Non-derivative financial liabilities					
Finance lease liability	**84,724**	**92,701**	**49,208**	**43,493**	**-**
Long term advances	**11,597**	**11,597**	**2,660**	**8,937**	**-**
Trade and other payables	**482,488**	**482,488**	**482,488**	**-**	**-**
Short-term borrowings	**514,561**	**537,716**	**537,716**	**-**	**-**
	1,093,370	**1,124,502**	**1,072,072**	**52,430**	**-**

	2015				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
			Rupees in '000'		
Non-derivative financial liabilities					
Finance lease liability	68,868	75,669	46,285	29,384	-
Long term advances	4,677	4,677	1,927	2,750	-
Trade and other payables	452,694	452,694	452,694	-	
Short-term borrowings	412,645	437,404	437,404	-	-
	938,884	970,444	938,310	32,134	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. Rates of interest / mark - up and their maturities are given in the respective notes.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from bank, term deposits and deposits in profit and loss/saving accounts with banks and investments in mutual funds. At the balance sheet date profile of the Group's interest-bearing financial instrument is:

	2016	2015
	Rupees in '000'	
Financial assets		
Bank balances	**257,896**	473,559
Financial Liabilities		
Finance lease liability	**84,725**	68,869
Long term loan	**-**	-
Short-term borrowings	**514,561**	412,645
	599,286	481,514

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Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the GHroup's profit net of tax.

	2016	2015
	Rupees in '000'	
Impact on Profit and loss account (net of tax)		
As at 30 June		
100 bps increase will result in decrease in profit by	**2,706**	896
100 bps decrease will result in increase in profit by	**2,706**	896

(d) Foreign Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. Majority of the revenue of the Group is currencies other than Pak Rupees. The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

Sensitivity analysis

The following analysis demonstrates the impact of a 5% strengthening/weakening of the Pak Rupee against other currencies which include UK£, US$ AUS$, RMB¥, THB฿ & UAED at 30 June on equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

Impact on Profit and loss account (net of tax)		
As at 30 June		
Strengthening	**605,869**	347,503
Weakening	**(605,869)**	(347,503)

(e) Fair Value of Financial Assets and Liabilities

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

38.3 Financial Instruments By Catogory

Financial Assets at amortised cost		
Trade debts	**1,692,592**	835,130
Loans and advances	**7,143**	3,323
Security deposits	**7,980**	5,990
Other receivables	**43,121**	11,023
Due from related parties	**20,068**	111,312
Cash and Bank balances	**326,902**	514,011
Other Financial Assets at Cost		
Long Term Investments	**17,267**	-
	2,115,073	1,480,789

	2016	2015
	Rupees in '000'	
Financial liabilities at amortised cost		
Finance lease liability	**84,724**	68,868
Long term advances	**11,597**	4,677
Trade and other payables	**482,488**	452,694
Short-term borrowings	**514,561**	412,645
	1,093,370	938,884

39. PROVIDENT FUND RELATED DISCLOSURE

A joint provident fund is maintained by NetSol Group. The following information is based on the latest financial statements of the fund:

		2016 (Unaudited)	2015 (Audited)
		Rupees in '000'	
Size of the fund - Total Assets		**476,937**	354,473
Cost of investment made		**372,651**	302,263
Percentage of investment as size of fund	39.1	**82%**	89%
Fair value of investments	39.1	**392,372**	315,598

39.1 The breakup of fair value of investments is

	2016		2015	
	Investments Rupees in '000	**Percentage of investment as size of fund**	Investments Rupees in '000	Percentage of investment as size of fund
Bank Balances	**371,881**	**78%**	207,700	59%
Mutual Funds	**20,491**	**4%**	107,898	30%
	392,372	**82%**	315,598	89%

39.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2016 and 2015 respectively as follows:

	2016	2015
	No of Employees	
Average number of employees during the year	**1,367**	1,316
Number of employees as at year end	**1,408**	1,393

Notes to the Consolidated Accounts

For the year ended June 30, 2016

41. SEGMENT REPORTING

For Management purposes, the Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different to industries.

The Group measures the performance of its operating segments through a measure of segment's gross profit or loss referred to as segment results. Segment results are determined by deducting directly attributable segment expenses from segment revenues. The accounting policies of the reportable segments are the same as that of the Group's accounting policies. This measure is reported to the CODM for the purposes of resource allocation and assessment of performance. All other expenses are reported separately to CODM.

Intersegment revenue is recorded at fair market price.

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.

With respect to geographical regions, revenue is generally allocated to regions based on the location where the products and services are provided.

Fixed assets used in the business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

Reportable Segments

The CODM has identified the segments which may earn revenues and incur expenses and whose operating results are subject to regular. Following are identified segments.

(i) Global Leasing and Financial Solutions (NFS)

The Group is primarily engaged in the selling of licences of its state-of-the-art NetSol Financial Suit (NFS), its customisation and maintenance. This segment mainly operates in Asia Pacific region.

(ii) Information Security (IS)

The Group globally offers a full range of Information Security services to help companies safeguard the confidentiality, veracity, and accessibility of information regarding their valuable assets.

(iii) Software Services and Solutions (SSS)

The Group is globally engaged in providing customised solutions as well as other IT Products.

(iv) Business Process Outsourcing (BPO)

The Group provides IT Related Outsourcing services mainly in the USA and European regions.

Except as indicated above, no operating segments have been aggregated to form the above reportable.

42. SEGMENT REVENUES AND RESULTS

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

	2016				
	NFS	**IS**	**SSS**	**BPO**	**Total**
			Rupees in '000'		
Revenue - net					
External sales					
Licence	**430,422**	**-**	**-**	**-**	**430,422**
Services	**1,884,779**	**22,234**	**-**	**987,457**	**2,894,470**
Maintenance	**738,790**	**-**	**10,505**	**-**	**749,295**
Inter-segment sales					**-**
Total revenue	**3,053,991**	**22,234**	**10,505**	**987,457**	**4,074,187**
Cost of revenue	**(2,072,617)**	**(47,057)**	**(96,294)**	**(493,131)**	**2,709,099)**
Segment results	**981,374**	**(24,823)**	**(85,789)**	**494,326**	**1,365,088**
Unallocated corporate expenses:					
Selling and promotion expenses					**(260,075)**
Administrative expenses					**(671,411)**
Other operating expenses					**(76,130)**
Other income					**13,669**
Finance cost					**(23,991)**
Taxation					**(38,180)**
Profit after taxation					**308,970**
Depreciation & amortisation	**568,964**	**5,881**	**24,315**	**34,578**	**633,737**

	2015					
	NFS	IS	SSS	BPO		Total
			Rupees in '000'			
Revenue - net						
External sales						
Licence	307,698	-	-	-		307,698
Services	1,682,761	7,663	128	709,461		2,400,013
Maintenance	590,287	19,245	-	-		609,532
Inter-segment sales						-
Total revenue	2,580,746	26,908	128	709,461	-	3,317,243
Cost of revenue	(1,990,635)	(29,807)	(105,687)	(358,580)		(2,484,709)
Segment results	590,111	(2,899)	(105,559)	350,881	-	832,534
Unallocated corporate expenses:						
Selling and promotion expenses						(208,081)
Administrative expenses						(558,793)
Other operating expenses						(37,787)
Other income						28,394
Finance cost						(12,323)
Taxation						(39,216)
Profit after taxation						4,728
Depreciation & amortisation	665,525	4,580	39,452	21,252		730,809

Notes to the Consolidated Accounts

For the year ended June 30, 2016

42.1 Revenue by geographic regions

The revenue is generated from clients in following geographical regions:

	Pakistan	Asia Pacific	Australia & USA	Others	Total
			Rupees in '000'		
Year ended 2016	**32,737**	**2,657,392**	**634,210**	**749,848**	**4,074,187**
Year ended 2015	26,908	2,198,164	735,002	357,169	3,317,243

Asia Pacific includes: China, Thailand, Japan, Taiwan & Korea; Australia & USA includes Australia, New Zealand & USA; Others include Europe & Middle East

42.2 Revenue from major customers

The revenue from major customer during the year was Rs. 462 million (2015 : 257 million).

42.3 Non current assets

Net book value of non-current assets held in foreign countries is Rs. 4.73 million (2015 : Rs. 5.85 million).

43. CORRESPONDING FIGURES

				2016	2015
				Rupees in '000'	

Corresponding figures have been re-classified for better presentation, in respect of following:

Note	From	Note	To		
11.	Trade deposits & short term prepayments		Long term deposits	**1,600**	1,600

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 08, 2016 by the Board of Directors.

45. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 08, 2016 have recommended a final cash dividend of 5% i.e., Rs. 0.5 per share. The above recommendations of cash dividend are subject to the approval of the members at the Annual General Meeting to be held on October 25, 2016. These financial statements do not include the effect of the above recommendations and they will be accounted for in the period in which they are approved by the members.

46. FIGURES

Figures have been rounded off to the nearest thousand rupee.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

INVESTOR'S AWARENESS

With reference to SRO 924(1) / 2015 dated September 9, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP); the following informational message has been added for investor's awareness.

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