For the Half Year Ended

December 2014

Financial Statements

(Un-Audited)

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NETSOL
Half Yearly 2014

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netsol

Company Profile

BOARD OF DIRECTORS

SHAHAB-UD-DIN GHAURI
Chairman

SALIM ULLAH GHAURI
Chief Executive Officer

VASEEM ANVAR
Independent Director

SHAHID JAVED BURKI
Independent Director

FIDA HUSSAIN
Independent Director

NAJEEB ULLAH GHAURI
Non-Executive Director

OMAR SHAHAB GHAURI
Executive Director

AUDIT COMMITTEE

VASEEM ANVAR
Chairman

FIDA 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 Queens Centre
Shahra-e-Fatima Jinnah
Lahore

BANKERS

Askari Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Summit Bank Limited
First National Bank Modaraba
First Habib Modaraba

SHARE REGISTRAR

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CONTACT DETAILS

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WEB PRESENCE

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Director's Review

بسم الله الرحمن الرحيم

On behalf of the Board of Directors of NetSol Technologies Limited, I feel pleasure to present the half yearly financial statements of the company together-with its consolidated accounts for the period ended December 31, 2014.

GENERAL OVERVIEW

After the announcement of the next generation product around a year ago, the Company experienced a decline in its revenues and as a result, the overall profitability was also negatively affected. This was an expected decline and we had also taken our valued shareholders into confidence. We are now pleased to announce that the Company has got an overwhelming response for NFS Ascent™ and our sales teams are currently engaged with a number of prospective customers in the Asia Pacific region. The Wholesale Finance System of the next generation product has already gone live at our two different customers in Thailand. Implementation of the Contract Management System and Credit Application System of NFS Ascent™ is currently in process at our client in Indonesia. This is part of the implementation of the largest ever deal of NFS Ascent™ which was announced during the last quarter.

In addition to above, our flagship legacy product, NetSol Financial Suite™ continues to do well, specifically, in the Asia Pacific region. In China alone, NetSol has the market leadership with almost 90% of auto captives and one of the biggest banks in China handling transactions ranging from small assets to big ticket items. During the first half of the fiscal 2015, the Company has signed new contracts worth multi-million dollars with two new automotive asset finance companies for the implementation of the complete NetSol Financial Suite™. We also aim to generate further leads through several events lined up for the calendar year to promote NetSol Financial Suite™ as well as the next generation platform, NFS Ascent™ in several regions.

With rapid advancements in technological front, organizations are realizing the need to adopt enterprise mobility solutions. Realizing that potential, we are continuing to invest in the enterprise mobility division. We have enhanced our mobility application suite to five applications including Mobile Account, Mobile Point of Sale, Mobile Dealer, Mobile Auditor and Mobile Fields Investigator, smartly mobilizing the finance and leasing business operations. During the past few months, the Company has seen a fast progress in its mobility division with some strong leads coming in from the US, Australia and Thailand regions. China's growing finance and leasing industry is also moving towards the adoption of mobility solutions for field team enablement. NetSol, being the first mover in providing mobility solutions in China, is already in talks with auto finance companies for the implementation of Mobile Account, Mobile Dealer and Mobile Point of Sale.

FINANCIAL PERFORMANCE

Comparisons of un-audited results of the quarter ended December 31, 2014 with the corresponding period and cumulative results for the half year ended December 31, 2014 with those of December 31, 2013 of the company are given below

	Oct-Dec 2014	Oct-Dec 2013	**Jul-Dec 2014**	Jul-Dec 2013
	---------- *Rupees in '000'* ----------			
Revenue	**612,127**	360,500	**1,104,665**	890,680
Gross Profit	**108,241**	3,476	**118,677**	219,236
Net Loss	**(43,611)**	(140,727)	**(233,846)**	(570)
Loss per share– basic (in Rs.)	**(0.49)**	(1.60)	**(2.63)**	(0.01)
Loss Per Share– diluted (in Rs.)	**(0.49)**	(1.58)	**(2.62)**	(0.01)
EBITDA – diluted (in Rs.)	**1.84**	(0.11)	**2.03**	2.61

Revenues for the quarter ended December 31, 2014 increased to Rs. 612.1 million compared with Rs. 360.5 million in same quarter of last year. The increase in current quarter's revenues is primarily due to increase in customization and enhancement requests from the existing customers for our legacy system. Company has also recorded services revenue of PKR 80 million approximately against the implementation of NFS Ascent™ at a customer in Indonesia. This is the start of recognition of the revenue from that big project which the company had announced during the first quarter. Gross profit of the company was Rs. 108.2 million compared to just Rs. 3.5 million in the comparative quarter of last fiscal year. The company posted a net loss of Rs. 43.6 million in comparison of a net loss of Rs. 140.7 million in second quarter of fiscal 2014. Included in the loss is a dividend income of Rs. 78 million (2014: Nil) received from the subsidiary company. The strong rupee particularly against Dollar and Euro as well as the continuous weakening of Australian dollar resulted in recording of an exchange loss of Rs. 22.7 million and Rs. 22.5 million respectively for the quarter and half year ended December 31, 2014 whereas the company had recorded an exchange gain of Rs. 2.8 million and Rs. 107.7 million respectively in the comparative periods of previous fiscal year. Diluted loss per share for the quarter was Rs. 0.49 versus Rs. 1.58 in the comparative period. Adjusted EBITDA was Rs. 1.84 per share in the current quarter compared to an EBITDA loss of Rs. 0.11 in the same period of 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 showing improved trends in its cash flows. The management believes that the Company is back on its track and the loss for the period is primarily due to the non-cash expense of depreciation and amortization of NFS Ascent™ which was earlier capitalized. The Company has already made major investment in the product and it doesn't expect any further capitalization of intangibles in the foreseeable future.

FUTURE OUTLOOK

The finance and leasing industry is showing a positive outlook, not only in the regions where this sector is already matured but also in the regions where the industry is still at a progressive stage. During the first half of the fiscal 2015, we managed to acquire two new customers in China for our legacy product "NetSol Financial Suite™", proving that the demand for a finance and leasing solution is increasing in that country. There are further couple of deals under negotiation in China for the implementation of our legacy system. In addition to it, we also launched our next generation solution for the asset finance and leasing industry in several markets including Australia, China, Thailand, Europe and the Middle East. The finance and leasing industry is still in early stages in the Middle East and NetSol believes that it has made the entry in the market at the right time to gain the first movers' advantage. The global launch of Enterprise Mobility will further endorse our philosophy of constant innovation and will strengthen our position as the industry leaders. With several strong prospects in the pipeline for NetSol Financial Suite™, NFS Ascent™ and NFS Mobility™, we aim to generate further prospects through several industry events and promotional campaigns in the upcoming quarters. We recently celebrated the 10th anniversary of our joint venture "NetSol-Innovation (Pvt) Limited". This joint venture has grown from a five resource shop in 2005 to a 180 resource center in 2015. We are getting continuous demand for skilled resources from our UK based partner and we expect this joint venture to perform much better in the coming years.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its shareholders, valued customers, government agencies and financial institutions which enabled the company to achieve these tremendous results. 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 the same spirit in future.

On behalf of the Board

Shahab-ud-Din Ghauri
Chairman

Lahore: February 10, 2015

KABANI & COMPANY

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS.

Introduction

We have reviewed the accompanying condensed interim balance sheet of **NETSOL TECHNOLOGIES LIMITED** as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2014.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six-months period ended December 31, 2014, is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Kabani & Company.

Kabani and Company
Chartered Accountants
Lahore

Date: February 10, 2015

Name of engagement partner: Muhammad Yousaf

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Condensed Interim Financial Statements

For the Half Year Ended December 31, 2014

Condensed Interim Balance Sheet - Unaudited

As at December 31, 2014

	NOTE	Dec-14 Unaudited	Jun-14 Audited
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	5	**2,606,388**	2,672,924
Intangible assets	6	**2,689,931**	2,868,568
		5,296,319	5,541,492
Long term investments		**15,188**	15,188
		5,311,507	5,556,680
CURRENT ASSETS			
Trade debts		**523,765**	317,226
Excess of revenue over billing		**206,299**	138,261
Loans and advances		**35,380**	38,096
Trade deposits & short term prepayments		**23,557**	24,921
Other receivables		**30,802**	23,824
Due from related parties		**53,563**	89,729
Taxation - net		**54,880**	45,803
Cash & bank balances		**537,960**	339,858
		1,466,206	1,017,718
TOTAL ASSETS		**6,777,713**	6,574,398
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	7	**1,500,000**	1,500,000
Issued, subscribed and paid-up capital	7	**889,699**	889,699
Share deposit money		**13**	13
Reserves	8	**4,343,175**	4,577,021
		5,232,887	5,466,733
NON-CURRENT LIABILITIES			
Long term financing	9	**205,438**	212,862
Liabilities against assets subject to finance lease		**35,303**	43,689
Deferred Income		**17**	29
		240,758	256,580
CURRENT LIABILITIES			
Trade and other payables		**569,316**	523,694
Excess of billing over revenue		**469,849**	60,064
Short term borrowings		**200,000**	200,000
Current portion of long term liabilities		**64,903**	67,327
		1,304,068	851,085
CONTINGENCIES & COMMITMENTS	10	**-**	-
TOTAL EQUITY AND LIABILITIES		**6,777,713**	6,574,398

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Condensed Interim Profit & Loss Account - Unaudited

For The Half Year Ended December 31, 2014

	NOTE	**Oct-Dec 2014**	Oct-Dec 2013	**Jul-Dec 2014**	Jul-Dec 2013
		Rupees in '000'		**Rupees in '000'**	
Revenue - net	11	**612,127**	360,500	**1,104,665**	890,680
Cost of revenue		**(503,886)**	(357,024)	**(985,988)**	(671,444)
Gross profit		**108,241**	3,476	**118,677**	219,236
Selling and promotion expenses		**(59,077)**	(31,176)	**(110,136)**	(73,549)
Administrative expenses		**(147,740)**	(119,755)	**(298,618)**	(257,584)
Other operating expenses		**(27,158)**	(15,723)	**(26,412)**	(20,029)
Other income		**91,767**	28,321	**99,975**	140,202
Operating (loss) / profit		**(33,967)**	(134,857)	**(216,514)**	8,276
Finance cost		**(2,883)**	(2,856)	**(6,869)**	(4,943)
(Loss) / profit before taxation		**(36,850)**	(137,713)	**(223,383)**	3,333
Taxation					
Current period		**(6,761)**	(3,014)	**(10,463)**	(3,903)
(Loss) after taxation for the period		**(43,611)**	(140,727)	**(233,846)**	(570)
Earnings per share					
Basic - In Rupees	13	**(0.49)**	(1.60)	**(2.63)**	(0.01)
Diluted - In Rupees	13	**(0.49)**	(1.58)	**(2.62)**	(0.01)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income - Unaudited

For The Half Year Ended December 31, 2014

	Oct-Dec 2014	Oct-Dec 2013	**Jul-Dec 2014**	Jul-Dec 2013
	Rupees in '000'		**Rupees in '000'**	
(Loss) after taxation for the period	**(43,611)**	(140,727)	**(233,846)**	(570)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive (loss) for the period	**(43,611)**	(140,727)	**(233,846)**	(570)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Condensed Interim Statement of Cash Flows - Unaudited
For The Half Year Ended December 31, 2014

	Jul-Dec 2014	Jul-Dec 2013
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation for the period	**(223,383)**	3,333
Adjustments for non cash charges and other items:		
Depreciation - own assets	**217,439**	153,413
Amortization of leased assets	**14,204**	11,190
Amortization of intangible assets	**178,635**	63,056
Loss on disposal of fixed assets	**4,754**	19,961
Amortization of deferred revenue	**(12)**	(15)
Exchange (gain) on debtors	**-**	(107,673)
Interest expense	**6,497**	4,135
Interest income	**(12,695)**	(5,278)
Dividend Income	**(77,978)**	-
Deferred employee compensation expense	**-**	54
Provision for doubtful debts	**-**	26,060
	330,844	164,903
Cash generated from operations before working capital changes	**107,461**	168,236
Decrease / (increase) in current assets & liabilities		
Trade debts	**135,208**	544,897
Loans and advances	**2,716**	(10,465)
Trade deposits & short term prepayments	**1,364**	(11,041)
Other receivables	**(6,978)**	694
Due from related parties	**36,166**	(31,866)
Trade and other payables	**46,347**	320,027
Cash generated from operations	**214,823**	812,246
Interest paid	**(16,532)**	(21,543)
Income taxes paid	**(19,538)**	(7,594)
Dividend paid	**-**	(78,444)
Net cash generated from operations	**286,214**	872,901
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipments purchased	**(130,245)**	(456,147)
Sales proceeds of fixed asset	**5,639**	6,417
Intangible assets	**-**	(247,979)
Capital work in progress	**(35,945)**	(140,668)
Interest received	**12,695**	5,244
Net cash (used in) investing activities	**(147,856)**	(833,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	**-**	17,815
Share deposit money	**-**	4,728
Share premium	**-**	11,437
Paid against obligation under finance lease	**(28,217)**	(29,445)
Received against obligation under finance lease	**17,407**	59,029
Long term payable	**(7,424)**	54,404
Dividend received	**77,978**	-
Net cash generated from financing activities	**59,744**	117,968
Net increase in cash and cash equivalents	**198,102**	157,736
Cash and cash equivalents at the beginning of the period	**339,858**	305,571
Cash and cash equivalents at the end of the period	**537,960**	463,307

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Condensed Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2014

	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compensation reserve	Capital Reserve Share premium	Revenue Reserve Unapprop-riated profit	Total
	Rupees In '000'					
Balance as at June 30, 2013	785,717	13	5,449	278,240	5,055,983	6,125,402
Total comprehensive income for the period						
Net (loss) for the half year ended December 31, 2013	-	-	-	-	(570)	(570)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(570)	(570)
Share Deposit money for issuance of shares against exercise of options	-	4,728	-	-	-	4,728
Shares issued against options exercised (1,781,500 shares at Rs. 10 each)	17,815	-	-	-	-	17,815
Amount transferred to share premium on issuance of shares against options exercised (1,781,500 shares at Rs. 1.48 each)	-	-	(2,632)	-	-	(2,632)
Share premium on shares issued against options exercised	-	-	-	14,069	-	14,069
Distribution to owners						
Final dividend for the year ended June 30, 2013						
- Cash dividend of 10% (Rs. 1 per share)	-	-	-	-	(79,822)	(79,822)
- Bonus shares issued (10%) one for every ten ordinary shares held	79,822	-	-	-	(79,822)	-
Balance as at December 31, 2013	883,354	4,741	2,817	292,309	4,895,769	6,078,990
Balance as at June 30, 2014	889,699	13	1,880	297,320	4,277,821	**5,466,733**
Total comprehensive income for the period						
Net (loss) for the half year ended December 31, 2014	-	-	-	-	(233,846)	**(233,846)**
Other comprehensive income	-	-	-	-	-	**-**
	-	-	-	-	(233,846)	**(233,846)**
Balance as at December 31, 2014	**889,699**	**13**	**1,880**	**297,320**	**4,043,975**	**5,232,887**

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Statements - Unaudited
For The Half Year Ended December 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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 on August 26,2005 and subsequently also got listed on Lahore and Islamabad Stock Exchanges. 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, (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

The company is a subsidiary of NetSol Technologies Inc., USA.

2. BASIS OF PREPARATION

2.1 Separate financial statements

These condensed interim financial statements are separate condensed interim financial statements of the company. Condensed consolidated interim financial statements of the company are prepared separately.

2.2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting"and provisions of and directives issued under the Companies Ordinance, 1984 and submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2014.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

These condensed interim 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.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2014.

4. USE OF ESTIMATES AND JUDGMENT

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

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

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

In preparing these condensed interim financial statements, the judgments, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the company for the year ended June 30, 2014.

			Dec-14 Unaudited	Jun-14 Audited
			Rupees in '000'	
5.	**PROPERTY & EQUIPMENT**			
	Opening Balance - net book value		**2,672,924**	1,894,191
	Additions	5.1	**183,225**	1,242,876
			2,856,149	3,137,067
	Less:			
	Disposals - net book value	5.2	**(18,118)**	(51,574)
	Depreciation & amortization		**(231,643)**	(412,569)
			2,606,388	2,672,924

		Dec-14 Unaudited	Jun-14 Audited
5.1	**Following is the detail of additions:**		
	Land - freehold	**-**	82,915
	Building on freehold land	**-**	377,173
	Computers	**95,291**	578,795
	Air conditioners	**1,625**	23,128
	Furniture & fixture	**2,894**	21,659
	Office equipment	**5,661**	9,076
	Vehicles	**10,224**	64,674
	Generator	**8,500**	17,535
	Computer software	**13,775**	310,256
	Capital work-in-progress	**45,255**	(242,335)
	Total	**183,225**	1,242,876

5.2 Following is the detail of deletions	**Dec-14 Unaudited Cost**	**Acc. Depreciation**	**Written down Value**	Jun-14 Audited Cost	Acc. Depreciation	Written down Value
			Rupees in '000'			
Computers	10,953	7,568	**3,385**	149,076	126,484	22,592
Furniture & fixture	782	388	**394**	1,633	650	983
Vehicles	17,228	6,721	**10,507**	35,798	16,555	19,243
Computer software	32,520	28,688	**3,832**	100,883	92,196	8,687
Total	**61,483**	**43,365**	**18,118**	287,486	235,912	51,574

			Dec-14 Unaudited	Jun-14 Audited
			Rupees in '000'	
6.	**INTANGIBLE ASSETS**			
	Opening Balance - net book value		**2,868,568**	2,873,958
	Additions	6.1	**-**	341,921
			2,868,568	3,215,879
	Less:			
	Amortization		**(178,637)**	(347,311)
			2,689,931	2,868,568

		Dec-14 Unaudited	Jun-14 Audited
6.1	**Following is the detail of additions:**		
	Fleet Management System	**-**	205,778
	Blue Star	**-**	120,687
	LSS	**-**	4,288
	HMIS	**-**	2,385
	Loan Origination System	**-**	3,475
	Business Intelligence Scoring Model & Risk Management	**-**	5,308
		-	341,921

7. SHARE CAPITAL

7.1 Authorised share capital

Dec-14 Unaudited (Number of shares)	Jun-14 Audited (Number of shares)		Dec-14 Unaudited (Rupees in '000')	Jun-14 Audited (Rupees in '000')
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000

7.2 Issued, subscribed & paid-up capital

Dec-14 Unaudited (Number of shares)	Jun-14 Audited (Number of shares)		Dec-14 Unaudited (Rupees in '000')	Jun-14 Audited (Rupees in '000')
41,819,191	41,819,191	Ordinary Shares of Rs. 10 each fully paid in cash	**418,192**	418,192
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
88,969,923	88,969,923		**889,699**	889,699

NetSol Technologies Inc.,24025 Park Sorrento, Suite 410, Calabasas CA 91302, USA, is the parent company holding majority of issued capital of the Company. No shares are held by any other related party.

8. RESERVES

Capital reserve		
Premium on issue of ordinary shares	**297,320**	297,320
Revenue reserve		
Un - appropriated profit	**4,043,975**	4,277,821
Employee share option compensation reserve	**1,880**	1,880
	4,343,175	4,577,021

9. LONG TERM FINANCING

The term finance amounting to Rs. 50 million (June 2014 : Rs. 62.5 million), having current maturity of Rs. 25 million (June 2014 : Rs. 25 million) have been fully paid subsequent to December 31, 2014.

10. CONTINGENCIES & COMMITMENTS

10.1 Contingencies

There are no contingencies as at December 31, 2014 (June 2014 : nil) to which the Company is a party.

10.2 Commitments

10.2.1 The Company has issued worth Rs. 2.715 million (June 2014 : Rs.15.843 million) bank guarantees and bid bonds to various customers against sale of software and allied services.

10.2.2 The Company has no commitment under any capital purchase agreement as at December 31, 2014. (June 2014 : Rs. 40 million)

	Oct-Dec 2014 (Rupees in '000')	Oct-Dec 2013 (Rupees in '000')	Jul-Dec 2014 (Rupees in '000')	Jul-Dec 2013 (Rupees in '000')
11. REVENUE - NET				
Export Revenue				
License	**-**	-	**147,465**	205,122
Services	**448,859**	236,633	**667,731**	437,384
Maintenance	**156,488**	117,958	**280,233**	237,728
	605,347	354,591	**1,095,429**	880,234
Local Revenue				
Services	**3,808**	5,814	**6,657**	8,828
Maintenance	**3,756**	1,362	**3,756**	3,288
	7,564	7,176	**10,413**	12,116
Sales tax	**(784)**	(1,267)	**(1,177)**	(1,670)
	612,127	360,500	**1,104,665**	890,680

12. TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to 2016 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.

13. EARNINGS PER SHARE

	Oct-Dec 2014	Oct-Dec 2013	**Jul-Dec 2014**	Jul-Dec 2013
	Rupees in '000'		**Rupees in '000'**	
Basic				
(Loss) after taxation for the period	**(43,611)**	(140,727)	**(233,846)**	(570)
Average number of ordinary shares in issue during the period	**88,970**	87,985	**88,970**	87,378
Basic - In Rupees	**(0.49)**	(1.60)	**(2.63)**	(0.01)
Diluted				
(Loss) after taxation for the period	**(43,611)**	(140,727)	**(233,846)**	(570)
Average number of ordinary shares in issue during the period	**89,392**	88,875	**89,355**	88,286
Diluted - In Rupee	**(0.49)**	(1.58)	**(2.62)**	(0.01)

14. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, 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	**Jul-Dec 2014**	Jul-Dec 2013
			Rupees in '000'	
(i)	Parent	Management fee	**30,779**	31,904
		Dividend paid to parent	**-**	51,222
		Bonus shares issued to parent	**-**	51,222
(ii)	Subsidiary	Rental income	**8,956**	9,177
		Provision of services	**3,185**	3,263
		Dividend received	**77,978**	-
		Mark-up income	**412**	34
		Mark-up expense	**147**	339
(iii)	Associated undertaking	Rental income	**300**	300
		Provision of services	**155,153**	169,183
		Purchase of services	**2,398**	1,930
		Purchase of assets	**47,657**	-
(vi)	Key management personnels	Remuneration of CEO and Directors	**6,625**	5,015
		Received against share options exercised	**-**	3,695
(v)	Post employment benefit	Contribution to defined contribution plan	**23,778**	16,639

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

15. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 10, 2015 by the Board of Directors.

16. FIGURES

Figures have been rounded off to the nearest thousand rupee.

Chief Executive Officer Director

Condensed Consolidated Interim Financial Statements

For the Half Year Ended December 31, 2014

Condensed Consolidated Interim Balance Sheet - Unaudited

As at December 31, 2014

	NOTE	Dec-14 Unaudited	Jun-14 Audited
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	5	**2,658,802**	2,718,378
Intangible assets	6	**2,689,931**	2,868,568
		5,348,733	5,586,946
CURRENT ASSETS			
Trade debts		**740,197**	537,831
Excess of revenue over billing		**206,299**	138,261
Loans and advances		**36,774**	45,630
Trade deposits & short term prepayments		**24,779**	25,829
Other receivables		**31,378**	23,986
Due from related parties		**57,809**	101,414
Taxation - net		**55,217**	46,011
Cash & bank balances		**562,135**	389,987
		1,714,588	1,308,949
TOTAL ASSETS		**7,063,321**	6,895,895
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	7	**1,500,000**	1,500,000
Issued, subscribed and paid-up capital	7	**889,699**	889,699
Share deposit money		**13**	13
Reserves	8	**4,463,345**	4,716,272
		5,353,057	5,605,984
Non - controlling interest		**132,799**	151,491
		5,485,856	5,757,475
NON-CURRENT LIABILITIES			
Long term financing	9	**205,438**	212,862
Liabilities against assets subject to finance lease		**35,303**	43,689
Deferred Income		**17**	29
		240,758	256,580
CURRENT LIABILITIES			
Trade and other payables		**601,955**	554,449
Excess of billing over revenue		**469,849**	60,064
Short term borrowings		**200,000**	200,000
Current portion of long term liabilities		**64,903**	67,327
		1,336,707	881,840
CONTINGENCIES & COMMITMENTS	10	**-**	-
TOTAL EQUITY AND LIABILITIES		**7,063,321**	6,895,895

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Condensed Consolidated Interim Profit & Loss Account - Unaudited

For The Half Year Ended December 31, 2014

	NOTE	Oct-Dec 2014	Oct-Dec 2013	Jul-Dec 2014	Jul-Dec 2013
		Rupees in '000'		**Rupees in '000'**	
Revenue - net	11	**751,409**	495,357	**1,385,208**	1,125,723
Cost of revenue		**(572,860)**	(417,857)	**(1,124,648)**	(789,326)
Gross profit		**178,549**	77,500	**260,560**	336,397
Selling and promotion expenses		**(59,077)**	(31,182)	**(110,136)**	(73,555)
Administrative expenses		**(149,398)**	(121,715)	**(302,049)**	(261,241)
Other operating expenses		**(43,412)**	(17,100)	**(40,499)**	(22,466)
Other income		**9,990**	25,122	**14,441**	148,261
Operating (loss) / profit		**(63,648)**	(67,375)	**(177,683)**	127,396
Finance cost		**(2,929)**	(2,878)	**(6,818)**	(4,648)
(Loss) / profit before taxation		**(66,277)**	(70,253)	**(184,501)**	122,748
Taxation					
Current period		**(6,947)**	(3,111)	**(10,746)**	(4,044)
(Loss) /profit after taxation for the period		**(73,224)**	(73,364)	**(195,247)**	118,704
Attributable to:					
Equity holders of NetSol Technologies Limited		**(97,155)**	(106,695)	**(252,928)**	59,687
Non - controlling interest		**23,931**	33,331	**57,681**	59,017
		(73,224)	(73,364)	**(195,247)**	118,704
Earnings per share					
Basic - In Rupees	13	**(1.09)**	(1.21)	**(2.84)**	0.68
Diluted - In Rupees	13	**(1.09)**	(1.20)	**(2.83)**	0.68

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited

For The Half Year Ended December 31, 2014

	Oct-Dec 2014	Oct-Dec 2013	**Jul-Dec 2014**	Jul-Dec 2013
	Rupees in '000'		**Rupees in '000'**	
(Loss) / profit after taxation for the period	**(73,224)**	(73,364)	**(195,247)**	118,704
Other comprehensive income	**-**	-	**-**	-
Total comprehensive (loss) / income for the period	**(73,224)**	(73,364)	**(195,247)**	118,704
Attributable to:				
Equity holders of NetSol Technologies Limited	**(97,155)**	(106,695)	**(252,928)**	59,687
Non - controlling interest	**23,931**	33,331	**57,681**	59,017
	(73,224)	(73,364)	**(195,247)**	118,704

The annexed notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Executive Officer

Director

Condensed Consolidated Interim Statement of Cash Flows - Unaudited

For The Half Year Ended December 31, 2014

	Jul-Dec 2014	Jul-Dec 2013
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation for the period	**(184,501)**	122,748
Adjustments for non cash charges and other items:		
Depreciation - own assets	**223,918**	156,696
Amortization of leased assets	**14,204**	11,190
Amortization of intangible assets	**178,635**	63,056
Loss on disposal of fixed assets	**8,221**	19,961
Amortization of deferred revenue	**(12)**	(15)
Exchange gain on debtors	**29,893**	(124,162)
Interest expense	**6,356**	3,796
Interest income	**(12,558)**	(5,424)
Deferred employee compensation expense	**-**	54
Gain on short term investment	**(1,537)**	(601)
Provision for doubtful debts	**-**	26,060
	447,120	150,611
Cash generated from operations before working capital changes	**262,619**	273,359
Decrease / (increase) in current assets and liabilities		
Trade debts	**109,488**	472,364
Loans and advances	**8,856**	(10,673)
Trade deposits & short term prepayments	**1,050**	(11,388)
Other receivables	**(7,392)**	660
Due from related parties	**43,605**	(38,572)
Trade and other payables	**48,643**	326,703
Cash generated from operations	**204,250**	739,094
Interest paid	**(16,803)**	(21,543)
Income taxes paid	**(19,950)**	(7,681)
Dividend paid	**(76,372)**	(78,444)
Net cash generated from operations	**353,744**	904,785
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipments purchased	**(148,932)**	(458,829)
Sales proceeds of fixed asset	**7,420**	6,447
Intangible assets	**-**	(247,979)
Capital work in progress	**(35,945)**	(140,668)
Gain on investments	**1,537**	601
Interest received	**12,558**	5,424
Net cash (used in) investing activities	**(163,362)**	(835,004)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	**-**	17,815
Share deposit money	**-**	4,728
Share premium	**-**	11,437
Paid against obligation under finance lease	**(28,217)**	(29,445)
Received against obligation under finance lease	**17,407**	59,029
Long term payable	**(7,424)**	54,404
Net cash (used in) / generated from financing activities	**(18,234)**	117,968
Net increase in cash and cash equivalents	**172,148**	187,749
Cash and cash equivalents at the beginning of the period	**389,987**	330,827
Cash and cash equivalents at the end of the period	**562,135**	518,576

The annexed notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Executive Officer Director

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2014

	Attributable to equity holders of the Parent						Non Controlling Interest	Total Equity
	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compensation reserve	Capital reserve: Share premium	Revenue reserve: Unappropriated profit	Total		
	Rupees In '000'							
Balance as at June 30, 2013	785,717	13	5,449	278,240	5,159,791	6,229,210	116,777	6,345,987
Total comprehensive income for the period								
Net profit for the half year ended December 31, 2013	-	-	-	-	59,687	59,687	59,017	118,704
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	59,687	59,687	59,017	118,704
Shares deposit money against options exercised	-	4,728	-	-	-	4,728	-	4,728
Shares issued against options exercised (1,781,500 shares at Rs. 10 each)	17,815	-	-	-	-	17,815	-	17,815
Amount transferred to share premium on issuance of shares against options exercised (1,781,500 shares at Rs. 1.48 each)	-	-	(2,632)	-	-	(2,632)	-	(2,632)
Shares premium on shares issued against options exercised	-	-	-	14,069	-	14,069	-	14,069
Distribution to owners								
Final dividend for the year ended June 30, 2013 - Cash dividend of 10% (Rs. 1 per share)	-	-	-	-	(79,822)	(79,822)	-	(79,822)
- Bonus shares issued (10%) one for every ten ordinary shares held	79,822	-	-	-	(79,822)	-	-	-
Balance as at December 31, 2013	883,354	4,741	2,817	292,309	5,059,834	6,243,055	175,794	6,418,849
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 profit / (loss) for the half year ended December 31, 2014	-	-	-	-	(252,928)	(252,928)	57,681	**(195,247)**
Other comprehensive income	-	-	-	-	-	-	-	**-**
	-	-	-	-	(252,928)	(252,928)	57,681	**(195,247)**
Distributions to owners								
- by subsidiary to non-controlling interest cash dividend	-	-	-	-	-	-	(76,372)	**(76,372)**
Balance as at December 31, 2014	**889,699**	**13**	**1,880**	**297,320**	**4,164,145**	**5,353,057**	**132,799**	**5,485,856**

The annexed notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

Chief Executive Officer

Director

Notes to the Condensed Consolidated Interim Financial Statements Unaudited

1. Legal status and nature of business

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol-Innovation (Private) Limited

NetSol Technologies Limited ("the Company") incorporated in Pakistan on August 22, 1996 under the 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. The business of the Company is development and sale of computer software and its related services in Pakistan as abroad. The registered office of the Company is situated NetSol IT Village, Lahore Ring Road Ghazi, Road Interchange, 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 providing online software development services. The registered office of the Company is situated NetSol IT Village, of Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting"and provisions of and directives issued under the Companies Ordinance, 1984 and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance,1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2014.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. 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, 2014.

4. USE OF ESTIMATES AND JUDGMENT

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

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

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

In preparing these condensed consolidated interim financial statements, the judgements, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of company for the year ended June 30, 2014.

		Dec-14 Unaudited	Jun-14 Audited
		Rupees in '000'	
5. PROPERTY & EQUIPMENT			
Opening Balance - net book value		**2,718,378**	1,918,099
Additions	5.1	**201,912**	1,272,805
		2,920,290	3,190,904
Less:			
Disposals - net book value	5.2	**(23,366)**	(51,604)
Depreciation & amortization		**(238,122)**	(420,922)
		2,658,802	2,718,378
5.1 Following is the detail of additions :			
Land - freehold		**-**	82,915
Building on freehold land		**-**	377,173
Computers		**98,117**	587,087
Air conditioners		**1,625**	25,894
Furniture & fixture		**6,899**	24,697
Office equipment		**5,853**	9,343
Vehicles		**11,877**	69,015
Generator		**8,500**	17,535
Leasehold improvements		**10,011**	11,225
Computer software		**13,775**	310,256
Capital work-in-progress		**45,255**	(242,335)
Total		**201,912**	1,272,805

	Dec-14 Unaudited Cost	Dec-14 Unaudited Acc. Depreciation	Dec-14 Unaudited Written down Value	Jun-14 Audited Cost	Jun-14 Audited Acc. Depreciation	Jun-14 Audited Written down Value
			Rupees in '000'			
5.2 Following is the detail of deletions						
Computers	10,953	7,567	**3,386**	149,249	126,627	22,622
Air conditioners	934	503	**431**	-	-	-
Furniture & fixture	2,351	997	**1,354**	1,633	650	983
Office equipment	-	-	**-**	96	27	69
Vehicles	18,970	7,785	**11,185**	35,798	16,555	19,243
Leasehold improvements	11,589	9,989	**1,600**	-	-	-
Computer software	49,846	44,436	**5,410**	100,883	92,196	8,687
Total	**94,643**	**71,277**	**23,366**	287,659	236,055	51,604

		Dec-14 Unaudited	Jun-14 Audited
6. INTANGIBLE ASSETS		Rupees in '000'	
Opening Balance - net book value		**2,868,568**	2,873,958
Additions	6.1	**-**	341,921
		2,868,568	3,215,879
Less:			
Amortization		**(178,637)**	(347,311)
		2,689,931	2,868,568
6.1 Following is the detail of additions :			
Fleet Management System		**-**	205,778
Blue Star		**-**	120,687
LSS		**-**	4,288
HMIS		**-**	2,385
Loan Origination System		**-**	3,475
Business Intelligence Scoring Model & Risk Management		**-**	5,308
		-	341,921

7. SHARE CAPITAL

7.1 Authorised share capital

Dec-14 Unaudited	Jun-14 Audited			
Number of shares				
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000

7.2 Issued, subscribed & paid-up capital

Dec-14 Unaudited	Jun-14 Audited			
Number of shares				
41,819,191	41,819,191	Ordinary Shares of Rs. 10 each fully paid in cash	**418,192**	418,192
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
88,969,923	88,969,923		**889,699**	889,699

NetSol Technologies Inc., 24025 Park Sorrento, Suite 410, Calabasas CA 91302, USA, is the parent company holding majority of issued capital of the Company. No shares are held by any other related party.

		Dec-14 Unaudited	Jun-14 Audited
		Rupees in '000'	
8.	**RESERVES**		
	Capital reserve		
	Premium on issue of ordinary shares	**297,320**	297,320
	Revenue reserve		
	Un - appropriated profit	**4,164,145**	4,417,072
	Employee share option compensation reserve	**1,880**	1,880
		4,463,345	4,716,272

9. LONG TERM FINANCING

The term finance amounting to Rs. 50 million (June 2014 : Rs. 62.5 million), having current maturity of Rs. 25 million (June 2014 : Rs. 25 million) have been fully paid subsequent to December 31, 2014.

10. CONTINGENCIES & COMMITMENTS

10.1 Contingencies

There are no contingencies as at December 31, 2014 (June 2014 : nil) to which the Company is a party.

10.2 Commitments

10.2.1 The Company has issued worth Rs. 2.715 million (June 2014 : Rs. 15.843 million) bank guarantees and bid bonds to various customers against sale of software and allied services.

10.2.2 The Company has no commitment under any capital purchase agreement as at December 31, 2014. (June 2014 : Rs. 40 million)

10.2.3 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.

10.2.4 The subsidiary has entered into lease agreement with a financial institution for leasing of vehicles. As per company policy, the principal amount will be borne by the employee and payment will be made to the company on monthly basis over the lease term. The company will only bear the lease interest cost, insurance and initial registration cost. The vehicles will be registered in the name of the company but at the completion of the lease term those will be transferred to the respective employees without any additional cost to them. Since from start of the lease, the company has the commitment with the employees to transfer the ownership of the vehicles to them on completion of the lease terms, no asset or liability is being recognized in these consolidated financial statements as of December 31, 2014, Company's commitment against this lease arrangement amounts to Rs. 3.075 million (June 2014: Rs. Nil).

		Oct-Dec 2014	Oct-Dec 2013	Jul-Dec 2014	Jul-Dec 2013
		Rupees in '000'		Rupees in '000'	
11.	**REVENUE - NET**				
	Export Revenue				
	License	**-**	-	**147,465**	205,122
	Services	**588,141**	371,490	**948,274**	672,427
	Maintenance	**156,488**	117,958	**280,233**	237,728
		744,629	489,448	**1,375,972**	1,115,277
	Local Revenue				
	Services	**3,808**	5,814	**6,657**	8,828
	Maintenance	**3,756**	1,362	**3,756**	3,288
		7,564	7,176	**10,413**	12,116
	Sales tax	**(784)**	(1,267)	**(1,177)**	(1,670)
		751,409	495,357	**1,385,208**	1,125,723

12. TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to 2016 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.

		Oct-Dec 2014	Oct-Dec 2013	Jul-Dec 2014	Jul-Dec 2013
13.	**(LOSS) / EARNINGS PER SHARE**				
	Basic				
	Loss / profit after taxation for the period	**(97,155)**	(106,695)	**(252,928)**	59,687
	Average number of ordinary shares in issue during the period	**88,970**	87,985	**88,970**	87,378
	Basic - In Rupees	**(1.09)**	(1.21)	**(2.84)**	0.68
	Diluted				
	Loss / profit after taxation for the period	**(97,155)**	(106,695)	**(252,928)**	59,687
	Average number of ordinary shares in issue during the period	**89,392**	88,875	**89,355**	88,286
	Diluted - In Rupee	**(1.09)**	(1.20)	**(2.83)**	0.68

14. 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 of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and course payables. Parent, subsidiary and associated undertakings also have some common directorship.

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

			Jul-Dec 2014	Jul-Dec 2013
			Rupees in'000'	
	Relationship with the Company	**Nature of transactions**		
(i)	Parent	Management fee	**30,779**	31,904
		Dividend paid to parent	**-**	51,222
		Bonus shares issued to parent	**-**	51,222
(ii)	Associated undertaking	Rental Income	**150**	150
		Provision of services	**435,695**	398,930
		Purchase of services	**3,889**	3,475
		Purchase of assets	**47,658**	-
(iii)	Key management personnels	Remuneration of CEO and Directors	**6,625**	5,015
		Received against share options exercised	**-**	3,695
(vi)	Post employment benefit	Contribution to defined contribution plan	**28,179**	19,614

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

15. SEGMENT REVENUES AND RESULTS

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

	Dec-14				
	NFS	IS	SSS	BPO	Total
	Rupees in '000'				
Revenue - net					
External sales					
Licence	147,465	-	-	-	**147,465**
Services	635,254	5,480	121	312,899	**953,754**
Maintenance	280,233	3,756	-	-	**283,989**
Inter-segment sales					**-**
Total revenue	1,062,952	9,236	121	312,899	**1,385,208**
Cost of revenue	(897,715)	(15,545)	(53,247)	(158,141)	**(1,124,648)**
Segment results	165,237	(6,309)	(53,126)	154,758	**260,560**
Unallocated corporate expenses:					
Selling and promotion expenses					**(110,136)**
Administrative expenses					**(302,049)**
Other operating expenses					**(40,499)**
Other income					**14,441**
Finance cost					**(6,818)**
Taxation					**(10,746)**
(Loss) after taxation					**(195,247)**

	Dec-13				
	NFS	IS	SSS	BPO	Total
	Rupees in '000'				
Revenue - net					
External sales					
Licence	205,122	-	-	-	205,122
Services	388,204	7,158	336	283,887	679,585
Maintenance	237,728	-	3,288	-	241,016
Inter-segment sales					-
Total revenue	831,054	7,158	3,624	283,887	1,125,723
Cost of revenue	(584,453)	(25,609)	(30,870)	(148,394)	(789,326)
Segment results	246,601	(18,451)	(27,246)	135,493	336,397
Unallocated corporate expenses:					
Selling and promotion expenses					(73,555)
Administrative expenses					(261,241)
Other operating expenses					(22,466)
Other income					148,261
Finance cost					(4,648)
Taxation					(4,044)
Profit after taxation					118,704

*Key

NFS = NetSol Financial Solutions   SSS = Software Services and Solutions

IS = Information Security   BPO = Business Process Outsourcing

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 10, 2015 by the Board of Directors.

17. FIGURES

Figures have been rounded off to the nearest thousand rupee.

Chief Executive Officer   Director

NetSol Technologies Limited

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