NETSOL TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

For The Half Year Ended

December

2017

NETSOL™

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Company Profile

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

SEHRISH

CHIEF INTERNAL AUDITOR

MUHAMMAD ABDUL WAHAB HAFEEZ

AUDITORS

H.Y.K & Co.
Chartered Accountants
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
Samba Bank Limited

SHARE REGISTRAR

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WEB PRESENCE

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info@netsolpk.com

Directors' Report

بسم الله الرحمن الرحيم

On behalf of the Board of Directors of NetSol Technologies Limited, we feel immense pleasure to present the half yearly financial statements of your company together with its consolidated accounts for the period ended December 31, 2017.

GENERAL OVERVIEW

Fiscal year 2017 was a significant year for the Company, as meaningful progress was made on vital initiatives designed to enhance & streamline our internal processes and accelerate growth. NetSol continued its implementations of its next generation flagship product, NFS Ascent and successfully implemented its NFS Ascent Loan Origination System (LOS) in South Korea for a leading German auto manufacturing giant. This implementation is part of a larger contract, originally signed in December 2015, to upgrade one of our major existing legacy product customer to the NFS Ascent platform, the company's advanced solution for the auto and equipment finance and leasing industry. The deployment in South Korea is the fourth country to go live following successful implementations in Thailand, Australia and New Zealand.

We are also honored to have received, for the fifth consecutive year, the *"First-Rate and Best Selling Finance and Leasing Solution Provider"* award at the 2017 Annual China Leasing Summit (CLS). Winning this award for the fifth year running is a continued testament to the superiority of NetSol's products and services.

FINANCIAL PERFORMANCE

Comparisons of un-audited financial results of the second quarter ended December 31, 2017 with the corresponding period of fiscal year 2017 and cumulative results for the half year ended December 31, 2017 with those of December 31, 2016 of the company are given below:

	SEPARATE FINANCIAL STATEMENTS			
	Oct-Dec 2017	Oct-Dec 2016	**Jul-Dec 2017**	Jul-Dec 2016
Revenue (in '000')	**1,123,064**	1,183,267	**1,955,704**	2,146,062
Gross Profit (in '000')	**586,410**	464,443	**847,811**	824,009
Net Profit (in '000')	**482,585**	190,858	**608,268**	267,393
Earnings per share – basic (in Rs.)	**5.38**	2.14	**6.78**	3.00
Earnings per share – diluted (in Rs.)	**5.37**	2.12	**6.77**	2.97
EBITDA per share – diluted (in Rs.)	**7.04**	5.13	**10.03**	7.81

Revenues during the quarter ended December 31, 2017 slightly decreased by 5% compared to the revenues posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted a net revenue of PKR 1,123 million compared to PKR 1,183 million in the same quarter of last fiscal year. This slight decrease is due to reduction in the license revenue. During last year, implementation at four different customer sites was done parallel out of which couple of implementations have already complete and products gone live resulting in less license revenue in the current fiscal year. Gross profit increased to PKR 586 million compared to PKR 464 million in the corresponding period. The Company had started a cost rationalization initiative last year which has resulted in reasonable cost savings for the company and hence reduction in the cost of sales. The Company posted a net profit of PKR 483 million compared to PKR 191 million last year. Included in net profit is PKR 171 million on account of currency exchange gain due to recent devaluation of Pakistani Rupee compared to an exchange loss of PKR 59 million in the comparable period. Earnings per diluted share were PKR 5.37 in comparison of PKR 2.12 in the corresponding period of last fiscal year. Company posted net EBITDA profit of PKR 7.04 per diluted share compared to an EBITDA profit of PKR 5.13 per share in the corresponding period. On half yearly basis, Company posted net revenues of PKR 1,956 million compared to PKR 2,146 million in the corresponding period. Gross profit increased to PKR 848 million in comparison of PKR 824 million last year. As a percentage of sales, gross profit increased from 38% to 43% during the period. The Company posted a net profit of PKR 608 million in comparison of PKR 267 million during the same period last year. Diluted earnings per share for the half year ended December 31, 2017 were PKR 6.77 in comparison of PKR 2.97 in the corresponding period. Half year EBIDTA profit for the current period was PKR 10.03 compared to PKR 7.81 in the preceding period.

The Company also consolidates financial results of its subsidiary 'NetSol Innovation (Pvt) Limited". The subsidiary is involved in the BPO business providing outsourcing support to its customers in UK and USA. Net consolidated revenues for quarter ended December 31, 2017 were Rs. 1,208 million compared to Rs. 1,332 million during the same quarter of last fiscal year. Consolidated gross profit was Rs. 596 million as compared to Rs. 521 million in the same quarter last year. The company posted net consolidated profit of Rs. 492 million in the current quarter attributable to the Company's shareholders compared to a net profit of Rs. 126 million in the same quarter last year. Consolidated basic and diluted earnings per share for the quarter was Rs. 5.49 and Rs. 5.48 respectively in comparison of Rs. 1.41 & Rs. 1.40 respectively, last year. On half yearly basis, Company posted net consolidated revenues of PKR 2,160 million compared to PKR 2,456 million in the corresponding period. Consolidated gross profit slightly decreased to PKR 887 million in comparison of PKR 943 million last year. As a percentage of sales, consolidated gross profit increased from 38% to 41% during the half year period. The Company posted a consolidated net profit attributable to the Company's shareholders amounting to PKR 634 million in comparison of PKR 223 million during the same period last year. Basic and diluted earnings per share for the half year ended December 31, 2017 were PKR 7.08 and 7.06 respectively, in comparison of PKR 2.50 and 2.48 respectively in the corresponding period.

FUTURE OUTLOOK

NFS Ascent, Company's flagship product, continues to gain attraction across various finance and leasing markets across the world. Alongside current ongoing projects and implementations for our diverse clientele, multiple system demonstrations have been requested by various prospective clients from around the globe. NFS Ascent has been diversified with new technological upgrades in the enterprise digitization and mobile solutions field and we are also engaged with providing digital transformation solutions to our clients. For the time being, our focus will remain on the APAC region as the market continues to be receptive with numerous prospects of new implementations and upgradation opportunities for NFS Ascent. Besides these, the Company has been in the process of delivering proposals and conducting workshops for vendor selection process initiated by a giant German and Japanese auto manufacturer for the Asia Pacific region. There have also been serious queries and demo requests from other parts of the world including Europe. In addition to other marketing initiatives, we will also continue to maintain our presence in all major regions of the world through prominent industry events that we continually sponsor and attend.

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

Salim Ullah Ghauri
Chief Executive Officer

Omar Shahab Ghauri
Director

Lahore: February 12, 2018

بسم اللہ الرحمن الرحیم

ڈائریکٹرز رپورٹ

ہمیں خوشی ہے کہ نیٹ سول ٹیکنالوجیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 31 دسمبر 2017ء کو ختم ہونے والی ششماہی عرصہ کے لئے مالیاتی گوشوارے بشمول مجموعی مالیاتی گوشوارے کے نتائج پیش کر رہے ہیں۔

عمومی جائزہ:۔ (General Overview)

کمپنی کے لیے مالی سال 2017ء ایک اہم سال تھا کیونکہ کمپنی نے قابل عمل پیش رفت کے ذریعہ ترقی کے عمل کو تیز کرنے کے لئے اپنے internal processes اور ڈیزائن کو بہتر طور پر کارگر بنانے کے لئے اہم اقدامات کیے۔ نیٹ سول نے اپنی next generation flagship مصنوعات، NFS Ascent™ کے نفاذ کو جاری رکھا اور جنوبی کوریا میں ایک معروف جرمن آٹو مینوفیکچر giant کے لئے NFS Ascent Loan Origination system (LOS) کا کامیابی کے ساتھ نفاذ کیا۔ یہ نفاذ ایک بڑے معاہدے کا حصہ ہے جو اصل میں دسمبر 2015ء کو دستخط ہوا جو ہمارے موجودہ legacy product کسٹمر میں سے ایک کو NFS Ascent ™ پلیٹ فارم پر اپ گریڈ کرنے سے متعلق ہے۔ تھائی لینڈ، آسٹریلیا اور نیوزی لینڈ میں مندرجہ بالا کامیاب نفاذ کے بعد جنوبی کوریا چوتھا ملک ہے۔

ہمیں یہ اعزاز حاصل ہے کہ 2017 Annual China Leasing Summit (CLD) ء میں ہمیں ’’First rate best selling finance leasing solution provider‘‘ کے اعزاز سے نوازا گیا اور یہ ایوارڈ ہم گذشتہ پانچ سال سے حاصل کر رہے ہیں۔ مسلسل پانچ سال سے یہ ایوارڈ جیتنا نیٹ سول کی مصنوعات اور خدمات کی بہترین کارکردگی کا ثبوت ہے۔

مالیاتی کارکردگی (Financial performance)

31 دسمبر 2017ء کو ختم ہونے والی دوسری سہ ماہی مع 2016ء کی اسی مدت کے ساتھ اور 31 دسمبر 2017ء کو ختم ہونے والی ششماہی مع 31 دسمبر 2016ء کی اسی مدت کے ساتھ غیر آڈٹ شدہ مالیاتی گوشوارے کے نتائج کا موازنہ درج ذیل ہے۔

انفرادی مالیاتی گوشوارے

	اکتوبر تا دسمبر **2017**ء	اکتوبر تا دسمبر 2016ء	جولائی تا دسمبر **2017**ء	جولائی تا دسمبر 2016ء
محصولات (000 میں)	**1,123,064**	1,183,267	**1,955,704**	2,146,062
خام منافع (000 میں)	**586,410**	464,443	**847,811**	824,009
صافی نفع (000 میں)	**482,585**	190,858	**608,268**	267,393
منافع فی حصص۔ بنیادی (روپوں میں)	**5.38**	2.14	**6.78**	3.00
منافع فی حصص۔ تحلیل شدہ (روپوں میں)	**5.37**	2.12	**6.77**	2.97
EBITDA فی حصص۔ تحلیل شدہ (روپوں میں)	**7.04**	5.13	**10.03**	7.81

31 دسمبر 2017ء کو ختم ہونے والی سہ ماہی کے دوران محصولات میں گذشتہ مالی سال کی اسی سہ ماہی میں درج محصولات کے مقابلے 5% تک معمولی کمی آئی ہے۔ مطلق تعداد میں، کمپنی نے گذشتہ مالی سال کے اسی عرصے میں 1,183 ملین روپے کے مقابلے میں 1,123 ملین روپے کی خالص محصولات حاصل کی۔ یہ معمولی کمی لائسنس محصولات میں کمی کی وجہ سے ہوئی۔ گزشتہ سال کے دوران چار مختلف کسٹمرز سائٹس پر متوازی نفاذ کیا گیا تھا جس میں سے کچھ کا نفاذ پہلے ہی مکمل ہو چکا ہے جس کے نتیجے میں موجودہ مالی سال میں کم لائسنس محصولات کے باوجود مصنوعات Live کی جاتی رہی ہیں۔ خام منافع اسی مدت میں 464 ملین روپے کے مقابلے میں 586 ملین روپے تک بڑھ گیا۔ کمپنی نے گزشتہ سال لاگت کی rationalization کا آغاز کیا تھا جس کی وجہ سے کمپنی کو مناسب قیمت کے نتیجے میں بچت ہوئی اور اسی وجہ سے فروخت کی قیمت میں کمی ہوئی ہے۔ کمپنی نے گزشتہ سال کے 191 ملین روپے کے مقابلے میں 483 ملین روپے کا خالص منافع درج کیا۔ خالص منافع میں بشمول 171 ملین روپے کرنسی تبادلے میں اضافے کے مطابق پاکستانی روپے میں حالیہ کمی کی وجہ سے کرنسی تبادلے کا نقصان 59 ملین روپے اسی عرصہ میں موازنہ کیا گیا۔ گزشتہ سال کی اسی مدت میں فی تحلیل شدہ حصص 2.12 روپے فی حصص کے مقابلے میں 5.37 روپے فی حصص منافع تھا۔ کمپنی نے اسی عرصے میں 5.13 روپے فی حصص کے EBITDA خالص منافع کے مقابلے میں تحلیل شدہ فی حصص 7.04 روپے کا خالص EBITDA منافع درج کیا۔ ششماہی بنیاد پر محصولات میں 2,146 ملین روپے کے مقابلے میں 1,956 ملین روپے کا خالص محصولات درج کیا۔ خام منافع گزشتہ سال کے 824 ملین روپے کے مقابلے میں بڑھ کر 846 ملین روپے تک ہوا۔ فروخت کے فی صد کے لحاظ سے، اس عرصے کے دوران خام منافع 38 فی صد سے بڑھ کر 43 فی صد ہو گیا۔ کمپنی نے گزشتہ سال اسی مدت کے دوران 267 ملین روپے کے مقابلے میں 608 ملین روپے کا خالص منافع درج کیا۔ 31 دسمبر 2017ء کو ختم ہونے والے ششماہی کے لیے فی حصص کی تحلیل شدہ آمدنی، اسی مدت میں 2.97 روپے کے مقابلے میں 6.77 روپے تھی۔ موجودہ مدت کے لیے ششماہی EBIDTA منافع 10.03 روپے کے مقابلے میں 7.81 روپے تھا۔

کمپنی کے ماتحت ادارہ ’’نیٹ سول انوویشن (پرائیویٹ) لمیٹڈ‘‘ کے مجموعی مالیاتی گوشوارے شامل کر دیئے ہیں، یہ ادارہ USA اور UK کے کسٹمرز کو BPO کاروبار کے حوالے سے آؤٹ سورسنگ سپورٹ فراہم کرتا ہے۔ 31 دسمبر 2017ء کے ختم ہونے والی سہ ماہی کیلئے نقد مجموعی محصولات اسی سہ ماہی 2017 کے 1,208 ملین روپے کے مقابلے میں 1,332 ملین روپے تھی۔ مجموعی خام منافع گزشتہ مالی سال کی اسی سہ ماہی کے 521 ملین رپے کے مقابلے موجودہ سہ ماہی میں 596 ملین روپے تھی۔ کمپنی نے گزشتہ مالی سال کی اسی سہ ماہی کے 126 ملین روپے کے مقابلے میں 492 ملین روپے کمپنی کے حصص داران کے لئے قابل ذکر نقد مجموعی منافع موجودہ سہ ماہی میں درج کیا۔ مجموعی بنیادی اور تحلیل شدہ (Diluted) آمدنیاں فی حصص گزشتہ سال 1.41 روپے اور 1.43 روپے کے مقابلے میں موجودہ سہ ماہی 5.49 روپے اور 5.48 روپے فی حصص بالترتیب تھیں۔ ششماہی بنیاد پر، کمپنی نے اسی عرصہ میں 2,456 ملین روپے کے مقابلے میں 2,160 ملین روپے کے مجموعی محصولات درج کی۔ مجموعی خام منافع گذشتہ سال کے 943 ملین روپے کے مقابلے میں معمولی کمی کے بعد 887 روپے تھا۔ فروخت کی فی صد کے تحت ششماہی عرصے کے دوران مجموعی خام منافع 38 فی صد سے 41 فی صد تک بڑھ گیا۔ کمپنی نے گذشتہ مالی سال کے اسی عرصہ کے 223 ملین روپے کے مقابلے میں 634 ملین روپے کمپنی کے حصص داران کے لے قابل ذکر نقد مجموعی منافع موجودہ عرصہ میں درج کیا۔ 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لئے فی بنیادی اور تحلیل شدہ فی حصص آمدنیاں گذشتہ سال کی 2.50 اور 2.48 کے مقابلے میں بالترتیب 7.08 اور 7.06 روپے تھی۔

مستقبل کا نقطہ نظر Future Outlook

کمپنی کی flagship مصنوعات NFS Ascent™ دنیا بھر میں مختلف فنانس اور لیزنگ مارکیٹس میں مسلسل توجہ حاصل کر رہی ہے ساتھ ساتھ موجودہ متعدد منصوبے اور ہمارے متنوع گاہکوں کے لیے نفاذ (Implementations) کرنے کے علاوہ، دنیا بھر سے مختلف کسٹمرز کی جانب سے ایک سے زیادہ نظام (System) کے نفاذ کی demonstrations درخواستیں کی گئی ہیں۔ NFS Ascent ™ انٹرپرائزڈ ڈیجیٹائزیشن اور موبائل سلوشن فیلڈ میں نئی تکنیکی اپ گریڈ کے ساتھ متعدد ڈیجیٹل تبدیلی (digital transformnation) کا حل اپنے کلائنٹس کو فراہم کرنے میں مصروفِ عمل ہے۔ اس وقت ہماری توجہ APAC ریجن پر رہے گی، کیونکہ مارکیٹ میں NFS Ascent™ کے نفاذ کے متعدد مواقع اور امکانات موجود ہیں۔ اس کے علاوہ کمپنی تجاویز (Proposals) کی فراہمی اور ورکشاپس کے انعقاد کرنے کے عمل میں vendor کے انتخاب کا عمل جو کہ ایشاء پیسفک خطے کے لیے ایک جرمن اور جاپانی آٹو مینوفیکچر نے شروع کیا ہے، کے لیے تجاویز (Proposals) کی فراہمی اور ورکشاپس کا انعقاد کرتی رہی ہے۔ یورپ سمیت دنیا کے مختلف حصوں سے بھی ڈیمو (Demo) کی درخواستیں اور سنجیدہ سوالات موصول ہوئے ہیں۔ دیگر مارکیٹنگ کے اقدامات کے علاوہ ہم دنیا بھر کے تمام بڑے علاقوں میں نمایاں صنعتی تقریبات کو سپانسر کرتے ہیں اور ان میں شرکت بھی کرتے ہیں اور ان کے ذریعے اپنی موجودگی کو برقرار رکھنے کے لیے کوششیں جاری رکھے ہوئے ہے۔

اعتراف (Acknowldgement)

بورڈ آف ڈائریکٹرز کمپنی کے حصص یافتگان، قابل قدر صارفین، سرکاری اداروں اور مالیاتی اداروں کی جانب سے حمایت و معاونت کے لیے ان کی تعریف کرتا ہے اور خراجِ تحسین پیش کرتا ہے۔ بورڈ کمپنی کے تمام ایگزیکٹوز اور اسٹاف ممبرز کا ان کی قابلِ قدر خدمات وفاداری اور ان کی مسلسل کوششوں کو قدر کی نگاہ سے دیکھتا ہے اور انھیں بھی خراجِ تحسین پیش کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی مخلصانہ کوششیں جاری و ساری رہیں گی۔

ازطرف بورڈ آف ڈائریکٹر

سلیم اللہ غوری
(چیف ایگزیکٹو آفیسر)

عمر شہاب غوری
(ڈائریکٹر)

لاہور

12 فروری 2018ء

H.Y.K & Co.
CHARTERED ACCOUNTANTS

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of NetSol Technologies Limited as at December 31, 2017 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 the notes forming part thereof for the half year 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. 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 the quarters ended December 31, 2016 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

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 half year ended December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

H.Y.K & Company
Chartered Accountants
Lahore: February 12, 2018

Engagement Partner: Younus Kamran

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FINANCIAL

STATEMENTS

For the Half Year Ended December 31, 2017

Condensed Interim Balance Sheet - Unaudited

As at December 31, 2017

	NOTE	Dec-17 Unaudited	Jun-17 Audited
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	**1,787,754**	1,898,191
Intangible assets	6	**1,654,657**	1,801,409
		3,442,411	3,699,600
Long term investments	7	**282,943**	218,873
Long term loans to employees	8	**961**	446
		3,726,315	3,918,919
CURRENT ASSETS			
Trade debts	9	**2,097,850**	669,272
Excess of revenue over billing		**2,060,590**	1,788,568
Loans and advances	10	**36,215**	31,410
Trade deposits & short term prepayments		**17,891**	13,519
Other receivables		**61,075**	19,392
Due from related parties		**12,881**	16,055
Taxation - net		**51,527**	49,523
Cash & bank balances		**517,324**	874,942
		4,855,353	3,462,681
TOTAL ASSETS		**8,581,668**	7,381,600
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital150,000,000 ordinary shares of Rs.10/- each	11	**1,500,000**	1,500,000
Issued, subscribed and paid-up capital	11	**896,859**	896,359
Share deposit money		**13**	13
Reserves	12	**5,301,568**	4,796,141
		6,198,440	5,692,513
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		**12,877**	19,397
Long term advances		**246**	3,254
		13,123	22,651
CURRENT LIABILITIES			
Trade and other payables	13	**482,892**	384,855
Unearned revenue		**788,101**	142,471
Short term borrowings		**1,074,997**	1,113,713
Current portion of long term liabilities		**24,116**	25,397
		2,370,106	1,666,436
CONTINGENCIES & COMMITMENTS	14	**-**	-
TOTAL EQUITY AND LIABILITIES		**8,581,668**	7,381,600

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Interim Profit & Loss Account - Unaudited

For The Half Year Ended December 31, 2017

	NOTE	Oct-Dec 2017	Oct-Dec 2016	Jul-Dec 2017	Jul-Dec 2016
		Rupees in '000'		Rupees in '000'	
Revenue - net	15	**1,123,064**	1,183,267	**1,955,704**	2,146,062
Cost of revenue		**(536,654)**	(718,824)	**(1,107,893)**	(1,322,053)
Gross profit		**586,410**	464,443	**847,811**	824,009
Selling and promotion expenses		**(96,630)**	(120,883)	**(169,591)**	(211,833)
Administrative expenses		**(164,703)**	(162,318)	**(322,375)**	(326,641)
Other operating expenses		**(854)**	(62,295)	**(991)**	(88,450)
Other income		**177,793**	93,717	**288,007**	99,249
Operating Profit		**502,016**	212,664	**642,861**	296,334
Finance cost		**(10,843)**	(5,516)	**(23,118)**	(10,850)
Profit before taxation		**491,173**	207,148	**619,743**	285,484
Taxation					
Current Period	16	**(8,153)**	(16,290)	**(11,040)**	(17,525)
Prior Period	16	**(435)**	-	**(435)**	(566)
		(8,588)	(16,290)	**(11,475)**	(18,091)
Profit after taxation for the period		**482,585**	190,858	**608,268**	267,393
Earnings per share					
Basic - In Rupees	18	**5.38**	2.14	**6.78**	3.00
Diluted - In Rupees	18	**5.37**	2.12	**6.77**	2.97

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Interim Statement of Comprehensive Income - Unaudited
For The Half Year Ended December 31, 2017

	Oct-Dec 2017	Oct-Dec 2016	**Jul-Dec 2017**	Jul-Dec 2016
	Rupees in '000'		**Rupees in '000'**	
Profit after taxation for the period	**482,585**	190,858	**608,268**	267,393
Other comprehensive income	**-**	-	**-**	-
Total comprehensive Profit for the period	**482,585**	190,858	**608,268**	267,393

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Interim Statement of Cash Flows - Unaudited

For The Half Year Ended December 31, 2017

	Jul-Dec 2017	Jul-Dec 2016
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	619,743	285,484
Adjustments for non cash charges and other items:		
Depreciation - own assets	114,791	146,828
Amortization of leased assets	6,724	14,527
Amortization of intangible assets	146,752	247,835
(Gain)/Loss on disposal of fixed assets	1,174	3,258
Exchange (gain)/ loss on debtors	(269,802)	85,336
Interest expense	22,326	10,136
Interest income	(10,046)	(2,358)
Dividend income	-	(88,485)
Deferred employee compensation expense	26,881	35,207
	38,800	452,284
Cash generated from operations before working capital changes	658,543	737,768
Working Capital Changes		
Trade debts	(785,167)	(740,855)
Loans and advances	(5,320)	(6,640)
Trade deposits & short term prepayments	(4,372)	242
Other receivables	(41,683)	105,570
Due from related parties	3,174	(9,681)
Trade and other payables	104,086	102,495
Cash used in operations	(729,282)	(548,869)
Interest paid	(26,209)	(11,705)
Income taxes paid	(13,479)	(21,925)
Dividend paid	(132,211)	(39,250)
Net cash (used in) / generated from operations	(242,637)	116,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipments purchased	(27,957)	(47,598)
Sales proceeds of fixed asset	8,844	318
Capital work in progress	6,861	(7,621)
Long Term Investment	(64,070)	(73,204)
Interest received	10,046	2,358
Net cash used in investing activities	(66,276)	(125,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	500	1,160
Share deposit money	-	(1,477)
Share premium	321	745
Paid against obligation under finance lease	(19,434)	(23,290)
Received against obligation under finance lease	12,520	18,505
Short term borrowing	(38,716)	(793)
Dividend received	-	77,424
Long term advances	(3,896)	1,325
Net cash (used in) / generated from financing activities	(48,705)	73,599
Net Increase / (decrease) in cash and cash equivalents	(357,618)	63,871
Cash and cash equivalents at the beginning of the period	874,942	108,473
Cash and cash equivalents at the end of the period	517,324	172,344

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Interim Statement of Changes in Equity - Unaudited
For The Half Year Ended December 31, 2017

	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compen-sation reserve	Capital Reserve	Revenue Reserve	Total
				Share premium	Unapprop-riated profit	
			Rupees In '000'			
Balance as at June 30, 2016	891,544	1,490	1,607	298,777	4,142,998	5,336,416
Total comprehensive income for the period						
Net profit for the half year ended December 31, 2016	-	-	-	-	267,393	267,393
Other comprehensive income	-	-	-	-	-	-
Shares issued against options exercised (116,000 shares at Rs. 10 each)	1,160	(1,905)	(171)	916	-	-
Amount received against options exercised		428				428
Dividend paid					(44,622)	(44,622)
Contribution of parent on account of employee share options			35,207			35,207
	1,160	(1,477)	35,036	916	222,771	258,406
Balance as at December 31, 2016	892,704	13	36,643	299,693	4,365,769	5,594,822
Balance as at June 30, 2017	896,359	13	74,890	302,579	4,418,672	**5,692,514**
Total comprehensive income for the period						
Net profit for the half year ended December 31, 2017	-	-	-	-	608,268	**608,268**
Other comprehensive income	-	-	-	-	-	**-**
Shares issued against options exercised (50,000 shares at Rs. 10 each)	500	(821)	(74)	395		
Dividend paid					(130,045)	**(130,045)**
Amount received against options excersied	-	821		-	-	**821**
Contribution of parent on account of employee share options	-	-	26,881	-	-	**26,881**
	500	-	26,807	395	478,224	**505,925**
Balance as at December 31, 2017	**896,859**	**13**	**101,697**	**302,974**	**4,896,896**	**6,198,439**

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Notes to the Condensed Interim Financial Statements - Unaudited

For The Half Year Ended December 31, 2017

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 at 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

A new Companies Act 2017 was promulgated on May 30, 2017 through which the companies were required to prepare their financial statements under the new Act. Later on, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 4, 2017 clarified that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. On a clarification sought by Institute of Chartered Accountants of Pakistan regarding preparation of interim financial statements of companies for the periods ending on or before December 31, 2017, SECP has also advised to prepare interim financial statements for the periods ending on or before December 31, 2017 in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 repealed Companies Ordinance, 1984 and are being submitted to the shareholders as required by Section 237 of the Companies Act 2017. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. These condensed interim financial statements are unaudited and do not include full disclosures and information required in 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, 2017.

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. These accounts have been prepared under accrual basis of accounting.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupee, which is the Company's functional currency as well its presentation currency.

3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2017.

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2017, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

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, 2017.

		Dec-17 Unaudited	Jun-17 Audited
		Rupees in '000'	
5. PROPERTY, PLANT & EQUIPMENT			
Opening Balance - net book value		**1,898,191**	2,203,006
Additions	5.1	**48,605**	127,401
		1,946,796	2,330,407
Less:			
Disposals - net book value	5.2	**(37,527)**	(95,378)
Depreciation & amortization		**(121,515)**	(336,838)
		1,787,754	1,898,191
5.1 Following is the detail of addition / (transfer) :			
Furniture & fixture		**43**	3,707
Vehicles		**31,730**	63,356
Office equipment		**1,403**	4,717
Computers		**9,383**	32,552
Air conditioners		**85**	16,108
Generator		**12,071**	-
Computer software		**751**	-
Advance against capital expenditure		**(6,861)**	6,961
Total		**48,605**	127,401

5.2 Following is the detail of deletions	**Dec-17 Unaudited Cost**	**Accumulated Depreciation**	**Written down Value**	Jun-17 Audited Cost	Accumulated Depreciation	Written down Value
			Rupees in '000'			
Furniture & fixture	1,136	635	**501**	1,409	865	543
Vehicles	43,170	22,451	**20,718**	92,875	23,976	68,899
Office equipment	579	336	**243**	145	86	60
Computers	21,416	17,478	**3,939**	44,552	32,424	12,129
Air conditioners	154	100	**55**	19,140	5,393	13,747
Generator	17,045	4,974	**12,071**	-	-	-
Total	**83,500**	**45,973**	**37,527**	158,121	62,743	95,378

	Dec-17 Unaudited	Jun-17 Audited
	Rupees in '000'	
6. INTANGIBLE ASSETS		
Opening Balance - net book value	**1,801,409**	2,195,996
Additions	**-**	-
	1,801,409	2,195,996
Less:		
Amortization	**(146,752)**	(394,587)
	1,654,657	1,801,409

		Dec-17 Unaudited	Jun-17 Audited
7. LONG TERM INVESTMENTS - at cost		**Rupees in '000'**	
WRLD3D Limited (Unquoted company) (Formerly EEGEO Inc.)	7.1	**267,755**	203,685
NetSol Innovation (Pvt) Limited (Unquoted subsidiary company)	7.2	**15,188**	15,188
		282,943	218,873

7.1 During the fiscal year 2016, the Company entered into an agreement with WRLD3D Limited (formerly eeGeo, Inc.) a UK based gaming and 3D mapping Company (a Delware Corporation) to purchasse 12.2% investment for $2,777,778 which will be earned over future periods partly by providing IT and enterprise software solutions and partly in cash. 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 December 31, 2017, the Company has provided cash and services valued at $2,549,587 (PKR 267,755,428) which is recorded as investment.

7.2 The subsidiary is incorporated in Pakistan. The Company holds 1,518,785 (2017 : 1,518,785) fully paid ordinary shares of Rs. 10/- each i.e. 50.52% of Equity held (2017 : 50.52%) Mr. Salim Ullah Ghauri is the Chief Executive Officer of the subsidiary company.

8. LONG TERM LOANS TO EMPLOYEES-Unsecured			
Considered good			
Loan to employees			
- to executives	8.1	**3,503**	8,212
- to non-executives		**1,339**	1,021
Less: current maturity		**(3,881)**	(8,787)
		961	446

8.1 Loans are given to employees for their personal needs and deducted from salaries

9. TRADE DEBTS			
Considered good - unsecured	9.1	**2,097,850**	669,272
Considered doubtful - unsecured	9.2	**35,225**	35,225
		2,133,075	704,497
Less: Provision against doubtful recovery		**(35,225)**	(35,225)
		2,097,850	669,272

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

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

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

NetSol Technologies (Thailand) Limited	**63,840**	97,439
NetSol Technologies (Beijing) Company Limited	**144,279**	121,937
NetSol Australia Pty. Limited	**488**	9,475
Netsol Technologies Americas	**18,449**	-
NetSol Technolgies Europe Limited	**565**	-
WRLD3D INC.	**4,348**	-
	231,969	228,851

10. LOANS AND ADVANCES - Unsecured			
Considered good			
Current maturity of loans to employees	8	**3,881**	8,787
Advances			
- to executives		**3**	43
- against expenses	10.1	**32,331**	22,580
		36,215	31,410

10.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

11. SHARE CAPITAL

11.1 Authorised share capital

Dec-17 Unaudited	Jun-17 Audited		Dec-17 Unaudited	Jun-17 Audited
Number of shares			**Rupees in '000'**	
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000

11.2 Issued, subscribed & paid-up capital

42,535,191	42,485,191	Ordinary Shares of Rs. 10 each fully paid in cash	**425,352**	424,852
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
89,685,923	89,635,923		**896,859**	896,359

NETSOL Technologies Inc.,24025 Park Sorrento, Suite 410, Calabasas CA 91302, USA, is the parent company holding majority of issued capital of the Company.

		Dec-17 Unaudited	Jun-17 Audited
		Rupees in '000'	
12. RESERVES			
Capital reserve			
Premium on issue of ordinary shares		**302,974**	302,579
Revenue reserve			
Un - appropriated profit		**4,896,896**	4,418,672
Employee share option compensation reserve		**101,698**	74,890
		5,301,568	4,796,141

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

13.1 DUE TO RELATED PARTIES

Parent			
NetSol Technologies Inc.	13.1.1	**86,328**	101,355
		86,328	101,355

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

14. CONTINGENCIES & COMMITMENTS

14.1 Contingencies

14.1.1 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.

14.1.2 While disposing off a show cause notice issued by FBR under section 161 of the Income Tax Ordinance, 2001 for the tax year 2015, the assessing authority, in its judgement dated 26-07-2016 contended and considered the commission paid to a non-resident as fee for technical services and imposed a tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. The company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. The decision is currently pending with the competent authority. The company is confident that final outcome will be in its favour and accordingly no provision has been made in these financial statements in this respect.

14.2 Commitments

The Company has issued worth Rs. 7.977 million (2017: 7.977 million) bank guarantees and bid bonds to LESCO and various customers against sale of software and allied services.

	Oct-Dec 2017	Oct-Dec 2016	Jul-Dec 2017	Jul-Dec 2016
15. REVENUE - NET				
Export Revenue	Rupees in '000'		Rupees in '000'	
License	202,051	359,003	**316,598**	777,110
Services	740,445	597,664	**1,282,793**	960,296
Maintenance	180,568	224,328	**356,313**	401,480
	1,123,064	1,180,995	**1,955,704**	2,138,886
Local Revenue	-			
Services	-	-	-	3,417
Maintenance	-	2,329	-	4,544
	-	2,329	-	7,961
Sales Tax	-	(57)	-	(785)
	1,123,064	1,183,267	**1,955,704**	2,146,062

16. TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to June 30, 2019 provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels as per clause 133 of part 1 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.

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

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

Fair value of financial assets and liabilities

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

	Oct-Dec 2017	Oct-Dec 2016	**Jul-Dec 2017**	Jul-Dec 2016
	Rupees in '000'		**Rupees in '000'**	
18. EARNINGS PER SHARE				
Basic				
Profit after taxation for the period	**482,585**	190,858	**608,268**	267,393
Weighted average number of ordinary shares in issue during the period	**89,681**	89,248	**89,658**	89,240
Basic - In Rupees	**5.38**	2.14	**6.78**	3.00
Diluted				
Profit after taxation for the period	**482,585**	190,858	**608,268**	267,393
Weighted average number of ordinary shares in issue during the period	**89,807**	89,962	**89,803**	89,954
Diluted - In Rupee	**5.37**	2.12	**6.77**	2.97

19. TRANSACTION WITH RELATED PARTIES

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

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

	Relationship with the Company	**Nature of transactions**		
(i)	Parent	Dividend	**68,836**	23,736
		Repayment of loan	**113,713**	-
(ii)	Subsidiary	Rental income	**7,709**	7,956
		Provision of services	**2,700**	2,546
		Mark-up expense	**485**	29
(iii)	Associated undertaking	Rental income	**450**	450
		Provision of services	**114,668**	188,182
		Purchase of services	**10,299**	9,654
(iv)	Key management personnels	Salaries and benefits	**31,623**	35,014
		Retirement benefits	**976**	1,030
		Commission paid	**21,302**	30,609
(v)	Post employment benefit	Contribution to defined contribution plan	**32,451**	40,917

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

20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 12, 2018 by the Board of Directors.

21. GENERAL

The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

CONSOLIDATED FINANCIAL

STATEMENTS

For the Half Year Ended December 31, 2017

Condensed Consolidated Interim Balance Sheet - Unaudited

As at December 31, 2017

	NOTE	Dec-17 Unaudited	Jun-17 Audited
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	**1,839,228**	1,956,098
Intangible assets	6	**1,654,657**	1,801,409
		3,493,885	3,757,507
Long term Investment	7	**267,755**	203,685
Long term loans to employees	8	**961**	446
		3,762,601	3,961,638
CURRENT ASSETS			
Trade debts	9	**2,366,535**	822,323
Excess of revenue over billing		**2,060,590**	1,788,568
Loans and advances	10	**36,291**	31,623
Trade deposits & short term prepayments		**18,859**	15,126
Other receivables		**61,075**	19,889
Due from related parties		**17,180**	19,746
Taxation - net		**53,264**	51,020
Cash & bank balances		**622,758**	1,070,904
		5,236,552	3,819,199
TOTAL ASSETS		**8,999,153**	7,780,837
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	11	**1,500,000**	1,500,000
Issued, subscribed and paid-up capital	11	**896,859**	896,359
Share deposit money		**13**	13
Reserves	12	**5,479,535**	4,947,940
		6,376,407	5,844,312
Non - controlling Interest		**188,669**	163,038
		6,565,076	6,007,350
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		**15,906**	24,537
Long term advances		**2,986**	5,309
		18,892	29,846
CURRENT LIABILITIES			
Trade and other payables	13	**508,285**	443,468
Unearned revenue		**788,101**	142,471
Short term borrowings		**1,074,997**	1,113,713
Current portion of long term liabilities		**43,803**	43,989
		2,415,186	1,743,641
CONTINGENCIES & COMMITMENTS	14	**-**	-
TOTAL EQUITY AND LIABILITIES		**8,999,153**	7,780,837

The annexed notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Consolidated Interim Profit & Loss Account - Unaudited
For The Half Year Ended December 31, 2017

	NOTE	Oct-Dec 2017	Oct-Dec 2016	Jul-Dec 2017	Jul-Dec 2016
		Rupees in '000'		Rupees in '000'	
Revenue - net	15	**1,208,020**	1,331,546	**2,159,856**	2,455,768
Cost of revenue		**(612,336)**	(810,356)	**(1,272,898)**	(1,512,626)
Gross profit		**595,684**	521,190	**886,958**	943,142
Selling and promotion expenses		**(96,630)**	(120,883)	**(169,591)**	(211,833)
Administrative expenses		**(166,318)**	(164,034)	**(326,232)**	(330,262)
Other operating expenses		**(951)**	(67,864)	**(1,692)**	(110,143)
Other income		**189,892**	2,215	**306,961**	4,869
Operating profit		**521,677**	170,624	**696,405**	295,773
Finance cost		**(11,005)**	(5,901)	**(24,064)**	(11,478)
Profit before taxation		**510,672**	164,723	**672,341**	284,295
Taxation					
Current period	16	**(8,351)**	(16,470)	**(11,494)**	(17,919)
Prior period	16	**(779)**	(98)	**(779)**	(832)
		(9,130)	(16,568)	**(12,273)**	(18,751)
Profit after taxation for the period		**501,542**	148,155	**660,068**	265,544
Attributable to:					
Equity holders of NetSol Technologies Limited		**492,161**	125,501	**634,437**	222,675
Non - controlling interest		**9,381**	22,654	**25,631**	42,869
		501,542	148,155	**660,068**	265,544
Earning per share					
Basic - In Rupees	18	**5.49**	1.41	**7.08**	2.50
Diluted - In Rupees	18	**5.48**	1.40	**7.06**	2.48

The annexed notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited

For The Half Year Ended December 31, 2017

	Oct-Dec 2017	Oct-Dec 2016	**Jul-Dec 2017**	Jul-Dec 2016
	Rupees in '000'		**Rupees in '000'**	
Profit after taxation for the period	**501,542**	148,155	**660,068**	265,544
Other comprehensive income	**-**	-	**-**	-
Total comprehensive Income for the period	**501,542**	148,155	**660,068**	265,544
Attributable to:				
Equity holders of NetSol Technologies Limited	**492,161**	125,501	**634,437**	222,675
Non - controlling interest	**9,381**	22,654	**25,631**	42,869
	501,542	148,155	**660,068**	265,544

The annexed notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Consolidated Interim Statement of Cash Flows - Unaudited
For The Half Year Ended December 31, 2017

	Jul-Dec 2017	Jul-Dec 2016
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	**672,341**	284,295
Adjustments for non cash charges and other items:		
Depreciation - own assets	**118,699**	151,914
Amortization of leased assets	**8,809**	15,969
Amortization of intangible assets	**146,752**	247,835
Loss on disposal of fixed assets	**1,875**	3,340
Exchange (gain) / loss on debtors	**(292,850)**	106,947
Interest expense	**23,212**	10,721
Interest income	**(10,426)**	(2,939)
Deferred employee compensation expense	**26,881**	36,523
(Gain) on short term investment	**(2,265)**	(1,424)
	20,686	568,886
Cash generated from operations before working capital changes	**693,027**	853,181
Working Capital Changes		
Trade debts	**(877,757)**	(710,067)
Loans and advances	**(5,183)**	(5,809)
Trade deposits & short term prepayments	**(3,733)**	(2,858)
Other receivables	**(41,186)**	538
Due from related parties	**2,566**	(9,681)
Trade and other payables	**70,866**	105,403
Cash used in operations	**(854,427)**	(622,474)
Interest paid	**(27,095)**	(12,290)
Income taxes paid	**(14,517)**	(33,728)
Dividend paid	**(132,211)**	(125,914)
Net cash (used in)/ generated from operations	**(335,222)**	58,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipments purchased	**(28,870)**	(62,902)
Sales proceeds of fixed asset	**9,499**	443
Capital work in progress	**6,861**	(5,785)
Long Term Investment	**(64,070)**	(73,204)
Gain on investments	**2,265**	1,424
Interest received	**10,426**	2,939
Net cash used in investing activities	**(63,889)**	(137,085)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	**500**	1,160
Share deposit money	**-**	(1,477)
Share premium	**321**	745
Paid against obligation under finance lease	**(23,531)**	(29,923)
Received against obligation under finance lease	**12,520**	32,742
Short term borrowing	**(38,716)**	(793)
Long term advances	**(130)**	4,138
Net cash generated from/ (Used in) financing activities	**(49,036)**	6,592
Net decrease in cash and cash equivalents	**(448,147)**	(71,718)
Cash and cash equivalents at the beginning of the period	**1,070,904**	326,902
Cash and cash equivalents at the end of the period	**622,757**	255,184

The annexed notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Half Year Ended December 31, 2017

	Attributable to equity holders of the Parent						Non Controlling Interest	Total Equity
				Capital reserve	Revenue reserve			
	Issued, subscribed and paid-up capital	Share deposit money	Employee share option com-pe-nsation reserve	Share premium	Unappropri ated profit	Total		
	Rupees In '000'							
Balance as at June 30, 2016	891,544	1,490	1,607	298,777	4,418,123	5,611,541	284,470	5,896,011
Total comprehensive income for the period								
Net profit for the half year ended								
December 31, 2016	-	-	-	-	222,675	222,675	42,869	265,544
Other comprehensive income	-	-	-	-	-	-	-	-
Shares deposit money against options exercised		428				428	-	428
Shares issued against options exercised	1,160	(1,905)	(171)	916		-	-	-
(116,000 shares at Rs. 10 each)								
Distributions to owners								
- By subsidiary to non-controlling interest							(86,664)	(86,664)
cash dividend					(44,622)	(44,622)		(44,622)
Contribution of parent on account of employee share options			36,523			36,523		36,523
	1,160	(1,477)	36,352	916	178,053	215,004	(43,795)	171,209
Balance as at September 30, 2016	892,704	13	37,959	299,693	4,596,176	5,826,545	240,675	6,067,220
Balance as at June 30, 2017	896,359	13	75,549	302,579	4,569,812	5,844,312	163,038	**6,007,350**
Total comprehensive income for the period								
Net profit for year ended	-							
December 31, 2017					634,437	634,437	25,631	**660,068**
Shares issued against options exercised	500	(821)	(74)	395				
(50,000 shares at Rs. 10 each)	-							
Final cash dividend Rs. 1.45 per share (14.5% per share)	-				(130,045)	(130,045)		**(130,045)**
Options lapsed due to employee resignation	-							
Contribution of parent on account of employee share options	-		26,881	-	-	26,881	-	**26,881**
Amount received against option excersied	-	821		-	-	821	-	**821**
	500	0	26,807	394.87	504,392	532,095	25,631	**557,725**
Balance as at December 31, 2017	**896,859**	**13**	**102,356**	**302,974**	**5,074,204**	**6,376,406**	**188,669**	**6,565,076**

The annexed notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Notes to the Condensed Consolidated Interim Financial Statements Unaudited

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. Due to de-mutualization of stock exchanges, all these stock exchanges have merged 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 at 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 of providing online software development services. The registered office of the Company is situated NetSol IT Village, Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

A new Companies Act 2017 was promulgated on May 30, 2017 through which the companies were required to prepare their financial statements under the new Act. Later on, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 4, 2017 clarified that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. On a clarification sought by Institute of Chartered Accountants of Pakistan regarding preparation of interim financial statements of companies for the periods ending on or before December 31, 2017, SECP has also advised to prepare interim financial statements for the periods ending on or before December 31, 2017 in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 repealed Companies Ordinance, 1984 and are being submitted to the shareholders as required by Section 237 of the Companies Act 2017. 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, 2017.

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 in Pak Rupee has been rounded off to the nearest thousand unless stated otherwise.

3. ACCOUNTING POLICIES

3.1. The accounting policies adopted for the preparation of these condensed 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, 2017.

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2017, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

4. USE OF ESTIMATES AND JUDGMENT

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

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

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

In preparing these condensed consolidated interim financial statements, the judgements, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the company for the year ended June 30, 2017.

			Dec-17 Unaudited	Jun-17 Audited
			Rupees in '000'	
5.	**PROPERTY, PLANT & EQUIPMENT**			
	Opening Balance - net book value		**1,956,098**	2,261,721
	Additions	5.1	**49,518**	143,172
			2,005,616	2,404,893
	Less:			
	Disposals - net book value	5.2	**(38,883)**	(97,756)
	Depreciation & amortization		**(127,507)**	(351,038)
			1,839,226	1,956,098
5.1	**Following is the detail of additions :**			
	Furniture & fixture		**43**	3,707
	Vehicles		**31,730**	78,860
	Computers		**10,013**	33,881
	Air conditioners		**85**	16,197
	Office equipment		**1,686**	5,255
	Generator		**12,071**	-
	Computer software		**751**	147
	Advance against capital expenditure		**(6,861)**	5,125
	Capital work-in-progress		**-**	-
	Total		**49,518**	143,172

		Dec-17 Unaudited			Jun-17 Audited	
	Cost	**Acc. Depreciation**	**Written down Value**	Cost	Acc. Depreciation	Written down Value
			Rupees in '000'			
5.2 Following is the detail of deletions						
Furniture & fixture	1,136	635	**501**	1,409	865	543
Vehicles	45,089	23,222	**21,866**	96,126	25,001	71,126
Computers	22,422	18,276	**4,147**	45,328	33,048	12,281
Air conditioners	154	100	**55**	19,140	5,393	13,747
Office equipment	579	336	**243**	145	86	60
Generator	17,045	4,974	**12,071**	-	-	-
Total	86,425	47,542	**38,883**	162,148	64,392	97,756

			Dec-17 Unaudited	Jun-17 Audited
			Rupees in '000'	
6.	**INTANGIBLE ASSETS**			
	Opening Balance - net book value		**1,801,409**	2,195,996
	Additions		**-**	-
			1,801,409	2,195,996
	Less:			
	Amortization		**(146,752)**	(394,587)
			1,654,657	1,801,409
7.	**LONG TERM INVESTMENTS - at cost**			
	WRLD3D Limited (Unquoted company) (Formerly EEGEO Inc.)	7.1	**267,755**	203,685
			267,755	203,685

7.1 During the fiscal year 2016, the Company entered into an agreement with WRLD3D Limited (formerly eeGeo, Inc.) a UK based gaming and 3D mapping Company (a Delware Corporation) to purchasse 12.2% investment for $2,777,778 which will be earned over future periods partly by providing IT and enterprise software solutions and partly in cash. 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 December 31, 2017, the Company has provided cash and services valued at $2,549,587 (PKR 267,755,428) which is recorded as investment.

8. LONG TERM LOANS TO EMPLOYEES-Unsecured		**Dec-17**	Jun-17
		Rupees in '000'	
Considered good			
Loan to employees			
- to executives	8.1	**3,503**	8,212
- to non-executives		**1,339**	1,021
Less: current maturity		**(3,881)**	(8,787)
		961	446

8.1 Loans are given to employees for their personal needs and deducted from salaries.

9. TRADE DEBTS			
Considered good - unsecured	9.3	**2,366,535**	822,323
Considered doubtful - unsecured	9.2	**35,225**	35,225
		2,401,760	857,548
Less: Provision for doubtfull debt		**(35,225)**	(35,225)
		2,366,535	822,323

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

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

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

1Insurer Limited, UK	**242,893**	121,904
The Innovation Group - UK BPS	**34**	20,739
1Insurer Inc, USA	**25,758**	10,408
NetSol Technologies (Thailand) Limited	**63,840**	97,439
NetSol Technologies (Beijing) Company Limited	**144,279**	121,937
NetSol Australia Pty. Limited	**488**	9,475
Netsol Technologies North Americas	**18,449**	-
NetSol Technologies Europe Limited	**565**	-
WRLD3D INC.	**4,348**	-
	500,653	381,901

10. LOANS AND ADVANCES - Unsecured			
Considered good			
Current maturity of loans to employees		**3,881**	8,787
Advances			
- to executives		**27**	111
- against expenses	10.1.	**32,383**	22,725
		36,291	31,623

10.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

11. SHARE CAPITAL

11.1 Authorised share capital

Dec-17	Jun-17		**Dec-17**	Jun-17
Unaudited	Audited		**Unaudited**	Audited
Number of shares			**Rupees in '000'**	
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000

11.2 Issued, subscribed & paid-up capital

42,535,191	42,485,191	Ordinary Shares of Rs. 10 each fully paid in cash	**425,352**	424,852
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
89,685,923	89,635,923		**896,859**	896,359

NETSOL Technologies Inc.,24025 Park Sorrento, Suite 410, Calabasas CA 91302, USA, is the parent company holding majority of issued capital of the Company.

		Dec-17 Unaudited	Jun-17 Audited
		Rupees in '000'	
12.	**RESERVES**		
	Capital reserve		
	Premium on issue of ordinary shares	**302,974**	302,579
	Revenue reserve		
	Un - appropriated profit	**5,074,204**	4,569,812
	Employee share option compensation reserve	**102,356**	75,549
		5,479,535	4,947,940

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

		Note	Dec-17	Jun-17
13.1	**Due to related party**			
	Parent			
	NetSol Technologies Inc.	13.2	**86,328**	101,355
	Associated			
	NetSol Technologies Europe Ltd		**33**	768
			86,361	102,123

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

14. CONTINGENCIES & COMMITMENTS

14.1 Contingencies

14.1.1 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.

14.1.2 While disposing off a show cause notice issued by FBR under section 161 of the Income Tax Ordinance, 2001 for the tax year 2015, the assessing authority, in its judgment dated 26-07-2016 contended and considered the commission paid to a non-resident as fee for technical services and imposed a tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. The company filed an appeal u/s 127 of the said Ordinance before the Commissioner Inland Revenue (Appeals), Lahore on the grounds that amount paid to non resident is in respect of commission and cannot be considered fee for technical services, hence exempt from tax. The decision is currently pending with the competent authority. The company is confident that final outcome will be in its favour and accordingly no provision has been made in these financial statements in this respect.

14.2 Commitments

14.2.1 The Company has issued worth Rs. 7.977 million (June 2017: 7.977 million) bank guarantees and bid bonds to LESCO and various customers against sale of software and allied services.

14.2.2 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.

	Oct-Dec 2017	Oct-Dec 2016	**Jul-Dec 2017**	Jul-Dec 2016
	Rupees in '000'		**Rupees in '000'**	
15. REVENUE - NET				
Export Revenue				
License	**202,051**	359,003	**316,598**	777,110
Services	**825,401**	745,943	**1,486,945**	1,270,002
Maintenance	**180,568**	224,328	**356,313**	401,480
	1,208,020	1,329,274	**2,159,856**	2,448,592
Local Revenue				
Services	**-**	-	**-**	3,417
Maintenance	**-**	2,329	**-**	4,544
	-	2,329	**-**	7,961
Sales tax	**-**	(57)	**-**	(785)
	1,208,020	1,331,546	**2,159,856**	2,455,768

16. TAXATION

Income of the Group from export of computer software and its related services developed in Pakistan is exempt from tax up to June 30, 2019 provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels as per clause 133 of part 1 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.

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

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

Fair value of financial assets and liabilities

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

	Oct-Dec 2017	Oct-Dec 2016	**Jul-Dec 2017**	Jul-Dec 2016
	Rupees in '000'		**Rupees in '000'**	
18. EARNING PER SHARE				
Basic				
Profit after taxation for the period	492,161	125,501	634,437	222,675
Average number of ordinary shares in issue during the period	89,681	89,248	89,658	89,240
Basic - In Rupees	5.49	1.41	7.08	2.50
Diluted				
Profit after taxation for the period	492,161	125,501	634,437	222,675
Average number of ordinary shares in issue during the period	89,807	89,962	89,803	89,954
Diluted - In Rupee	5.48	1.40	7.06	2.48

19. TRANSACTION WITH RELATED PARTIES

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

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

	Relationship with the Company	**Nature of transactions**		
(i)	Parent	Dividend	68,836	23,736
		Repayment of loan	113,713	-
(ii)	Associated undertaking	Rental Income	450	450
		Provision of services	318,820	497,888
		Purchase of services	10,299	9,654
(iii)	Key management personnel	Salaries and benefits	31,623	35,014
		Retirement benefits	976	1,030
		Commission paid	21,302	30,609
(vi)	Post employment benefit	Contribution to defined contribution plan	37,846	47,364

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

20. SEGMENT REVENUES AND RESULTS

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

	Dec-17			
	NFS	IS & SSS	BPO	Total
	Rupees in '000			
Revenue - net				
External sales				
Licence	316,598	-	-	316,598
Services	1,178,209	-	308,737	1,486,946
Maintenance	356,313	-	-	356,313
Total revenue	1,851,120	-	308,737	2,159,856
Cost of revenue	(1,044,288)	(5,019)	(223,592)	(1,272,898)
Segment results	806,832	(5,019)	85,145	886,958
Unallocated corporate expenses:				
Selling and promotion expenses				(169,591)
Administrative expenses				(326,232)
Other operating expenses				(1,692)
Other income				306,961
Finance cost				(24,064)
Taxation				(12,273)
Profit after taxation				660,068

	Dec-16			
	NFS	IS & SSS	BPO	Total
	Rupees in '000			
Revenue - net				
External sales				
Licence	777,109	-	-	777,109
Services	841,220	2,632	428,782	1,272,634
Maintenance	401,481	4,544	-	406,025
Inter-segment sales				
Total revenue	2,019,810	7,176	428,782	2,455,768
Cost of revenue	(1,101,294)	(167,247)	(244,085)	(1,512,626)
Segment results	918,516	(160,071)	184,697	943,142
Unallocated corporate expenses:				
Selling and promotion expenses				(211,833)
Administrative expenses				(330,262)
Other operating expenses				(110,143)
Other income				4,869
Finance cost				(11,478)
Taxation				(18,751)
Profit after taxation				265,544

*Key

NFS = NetSol Financial Suite & NFS Ascent

IS = Information Security and other services

BPO = Business Process Outsourcing

SSS = Software Services and Solutions

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

21. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 12, 2018 by the Board of Directors.

22. GENERAL

The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

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