



NetSol Technologies Limited
NetSol IT Village (Software Technology Park)
Main Defence Road, Lahore Cantt. 54792, Pakistan
Tel: (92-42) 111-44-88-00, 5727096-7, Fax: (92-42) 5726740.
e-mail: info@netsolpk.com, Web: www.netsoltek.com

July 23, 2010

✓ The General Manager,
Karachi Stock Exchange (G) Limited
Stock Exchange Building, Stock Exchange Road
Karachi

The Secretary,
Lahore Stock Exchange (G) Limited
19, Khayaban-e-Iqbal
Lahore

Subject: **BOARD MEETING DATED JULY 19, 2010**

Dear Sir(s),

Please refer to our letter dated July 19, 2010 on the captioned subject. After announcement by the company to acquire two companies namely NetSol Technologies Europe Limited (NTE) and NetSol Technologies North America Inc., (NTNA) as wholly owned subsidiaries, we have received certain queries from our shareholders enquiring about the impact of these acquisitions on the future earnings and payout of the company. This letter is being issued to clarify those queries. You are requested to place it on your respective notice boards.

Board of Directors of NetSol Technologies Limited is of the opinion that this strategic decision will improve the overall shareholders' wealth. These acquisitions will have a positive impact on the consolidated earnings per share of the company because, revenues and net profits of both new subsidiaries will be consolidated with the results of NetSol Technologies Limited, Pakistan. The revenues of both these companies approximate around \$10M per annum which will be consolidated with the current revenues of the company resulting in healthy impact on the consolidated net profits.

In addition to the above, the company would be able to directly launch all new developments, products and marketing activities in North America and Europe markets through NTNA and NTE in most developed and matured markets. These markets are still untapped by us and till to-date, we have zero revenue from both of these regions which are termed as the heavens for IT products. One major issue which we are facing now-a-days is the reluctance of customers to sign new deals with a Pakistani company due to the current geopolitical conditions. Through this acquisition, we will be able to overcome this issue as well by signing the new deals through these subsidiaries as end of the day all results will be consolidated with NetSol Technologies Limited, Pakistan.