

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-1788

NOTICE

April 01, 2011

Reproduced hereunder letter No. EMD/233/669/2005-463 dated March 31, 2011 received from **SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**, for information of all concerned.

(Copy of the same is also available on our Website www.kse.com.pk).



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Through Courier & Fax

EMD/233/669/2005 - **463**

March 31, 2011

Mr. Rashid Sadiq
CEO
RS Corporate Advisory
64-Block T, Phase 2,
Defence Housing Authority,
Lahore Cantt
Fax No. 042-35747905

RE: APPLICATION UNDER PROVISIO TO SUB SECTION (1) OF SECTION 86 OF THE COMPANIES ORDINANCE 1984 FOR FURTHER ISSUE OF SHARES BY NETSOL TECHNOLOGIES LIMITED OTHERWISE THAN RIGHT SHARES

Dear Sir,

This is with reference to the application dated October 08, 2010, filed by the Netsol Technologies Limited (the "Company") regarding the above mentioned subject.

2. In this context, I am directed to inform you that the application of the Company for issuance of 61,046,778 ordinary shares at Rs 10 per share to Netsol Technologies Inc. USA, in settlement of purchase consideration for acquisition of 100% share capital of Netsol Technologies Europe Limited ("NTE") and Netsol Technologies North America Inc. ("NTNA") by way of otherwise than right in term of Section 86(1) of the Companies Ordinance 1984 is not acceded to on the following grounds:

- i. The Company has failed to justify the future projections with supported documents. Especially in case of projected revenues of NTE and NTNA, neither copy of any contract/agreement nor of memorandum of understanding, entered into by the NTE and NTNA with the clients, have been furnished to the Commission, despite requested by the Commission, to substantiate the forecasted revenues.
- ii. Financial projections of NTE and NTNA do not correlate with their respective financial history. NTE and NTNA have posted losses after tax for years 2006 to 2009 and 2007- to 2010, respectively. Conversely, the Company has profit history since 2006 to 2010. However, revenues of NTE and NTNA are projected at high rates that