NETSOL™

NETSOL TECHNOLOGIES LIMITED
ANNUAL REPORT

2017

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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

BOO-ALI SIDDIQUI

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

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

CONTACT DETAILS

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

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

KARACHI OFFICE
43/1/Q, Amna Villa # 1
Block # 03. P.E.C.H.S, Karachi-75400
Tel: +92-21-111-638-765
Fax: +92-21-3431-3464

WEB PRESENCE

www.netsolpk.com
info@netsolpk.com

Vision & Mission Statement

Vision Statement

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

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

Mission Statement

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

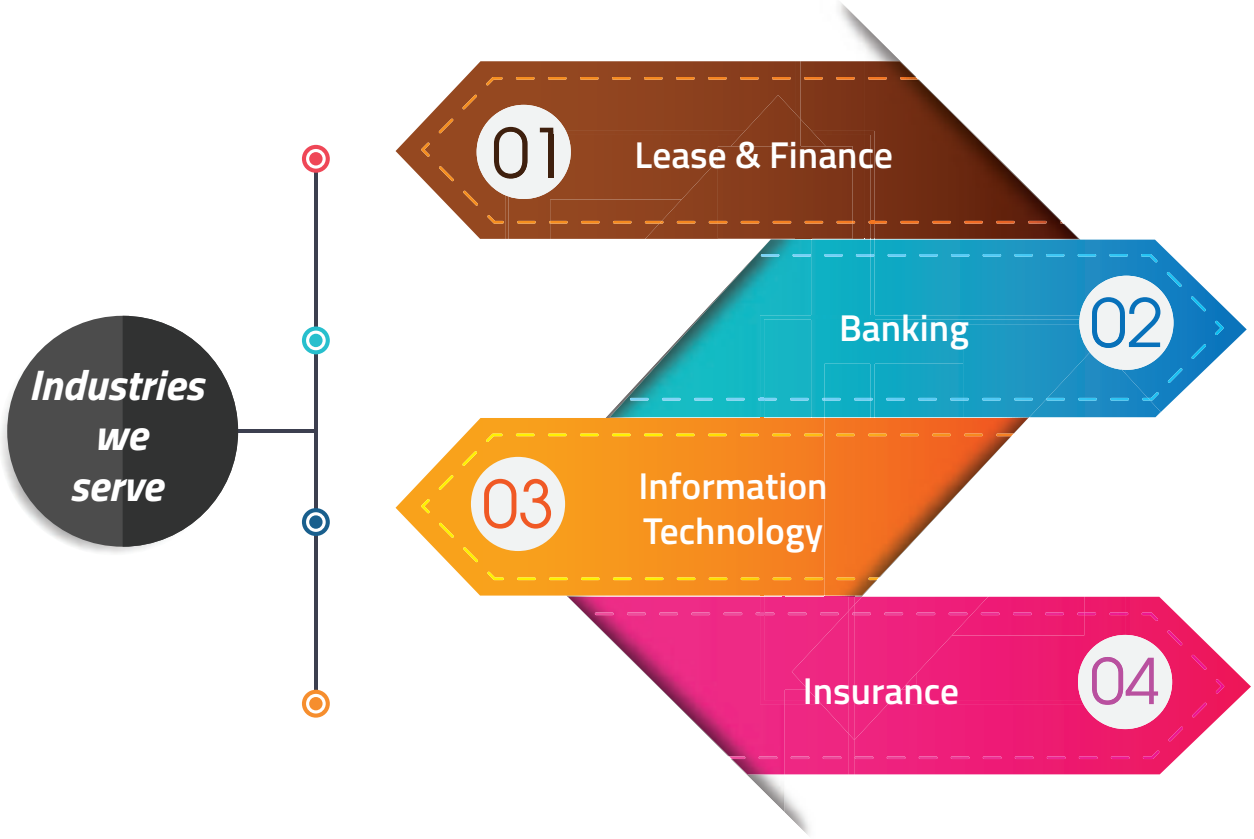
Quality Focus

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

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

Our focus in quality engineering and process improvement has been definitive in ensuring the excellence of operations and customer satisfaction.
We are continuously investing in software processes improvement and ISO authorized trainings for our teams. Our vigor, experience and experimentation in the quality domain since our inception puts us in an ideal position to assist other companies in areas like Software Process Improvement, ISO Certification appraisals and other quality related matters.

Services Portfolio



Services we offer

GLOBAL CUSTOMERS

SAUDI ARABIA	• Al-Amthal Financing & Leasing Co. Ltd
CHINA	• Mercedes-Benz Auto Finance China Ltd • Mercedes-Benz Leasing Co., Ltd • Toyota Motors Finance China Co., Ltd • Volvo Automotive Finance, China • Mercedes Benz Financial Services Taiwan Ltd • Minsheng Financial Leasing Co, Ltd • GAC SOFINCO Automobile Finance, Ltd • Tianjin Great Wall Binyin Automobile Finance Co., Ltd • FCA Automotive Finance Co. Ltd • Fortune Auto Finance Co. Ltd • Shanghai Dongzheng Automotive Finance Co., Ltd • BYD Company Limited • Volvo Financial Leasing Company • YuLon Motor Finance (China) Co., Ltd
THAILAND	• Mercedes-Benz Leasing (Thailand) Co., Ltd • Toyota Leasing (Thailand) Co. Ltd • Nissan Leasing (Thailand) Co., Ltd
AUSTRALIA	• Mercedes Benz Financial Services Australia Pty Ltd • Mercedes-Benz Financial Services New Zealand Ltd • CNH Industrial Capital Aus • Pepper Group Australia
HONG KONG	• Mercedes-Benz Financial Services Hong Kong Ltd
JAPAN	• Mercedes-Benz Finance Co. Ltd
MALAYSIA	• Mercedes-Benz Services Malaysia Sdn Bhd
INDONESIA	• PT OTO Multiartha • PT Summit OTO Finance • PT Mizuho Balimor Finance
SINGAPORE	• Mercedes-Benz Financial Services Singapore Ltd • Daimler South East Asia Pte Ltd.
KOREA	• Mercedes-Benz Financial Services Korea, Ltd
US	• 1Insurer USA
UK	• 1Insurer UK • WRLD3D Limited
PAKISTAN	• Excise & Taxation Department, Government of Sind

CHAIRMAN'S REVIEW REPORT

I am proud to share that NETSOL has yet again proven its strength in 2017 as the leading asset finance solution provider. It has not only consistently won the leading software exporter award of Pakistan but for the fifth consecutive time it has displayed its stronghold in the APAC region by being awarded "First-Rate and Best Selling Finance and Leasing Solution Provider" in China. We continue to strive for excellence to stay ahead of the curve in this highly competitive industry. Innovation and thought leadership have always been integral to our workings and I am pleased to see that our teams are tirelessly working towards enhancing our existing solutions and leading the way in providing new digitized enterprise solution.

The Boards' overall performance for the fiscal year 2017 was assessed as satisfactory. Improvement is an ongoing process and the board has identified the areas of improvement in line with the global best practices. The board received, in a timely manner, detailed agendas and supporting papers for the board meetings. All directors, including the independent and non-executive directors, participated and contributed towards the decision making process of the board. Boards' audit committee also met regularly and strengthened the functions of the board. The company has also established an independent internal audit department which follows risk based audit methodology. Audit reports were presented at each audit committee meeting and were also made available for the review by the board, where necessary.

In the end, on behalf of the board, I would like to acknowledge the contribution of our employees in the success of the Company. I would also like to thank our shareholders, business partners, customers and suppliers for their continued support and confidence in the Company.

Shahab Ghauri
Chairman

Lahore
September 22, 2017

Shareholders' Information

Registered Office

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

Listing on Stock Exchange

Equity shares of NetSol Technologies Limited are listed & traded on Pakistan Stock Exchange Limited.

Listing Fees

Annual listing fee for the financial year 2016-17 has been paid to Pakistan Stock Exchange.

Stock Code

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

Shares Registrar

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

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

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

Contact Person

Mr. Abdul Ghaffar Ghaffari
Manager Shares

Service Standards

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

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

Share Price/Volume

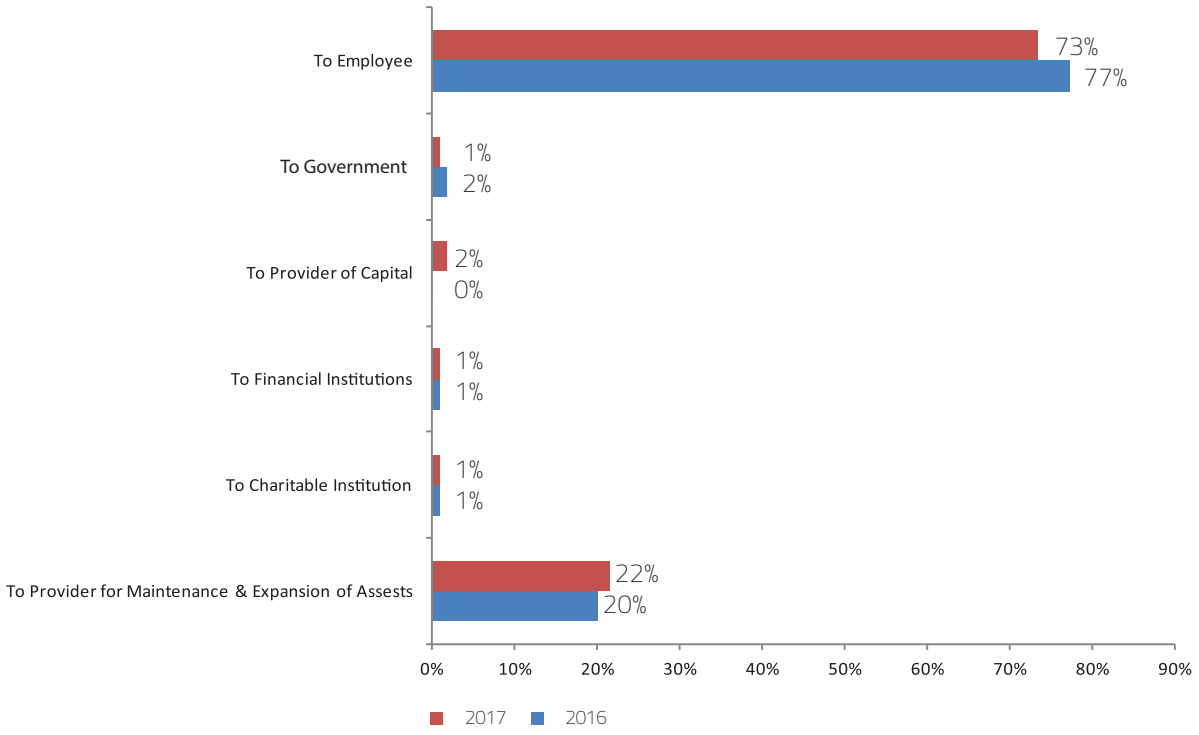
Monthly high, low prices and monthly turnover of NetSol shares traded on the Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited) during the financial year 2017 are as under:

Month	Share price on the PSX (Rs.)		Monthly Turnover
	Highest	Lowest	
Jul-16	59.39	50.90	2,903,500
Aug-16	58.3	54.00	2,759,500
Sep-16	61.5	51.32	6,583,000
Oct-16	64.3	53.11	5,845,000
Nov-16	61.17	56.00	3,153,500
Dec-16	58.77	54.06	2,233,500
Jan-17	81.51	54.05	16,839,500
Feb-17	88.88	73.85	14,691,000
Mar-17	81	69.40	3,828,500
Apr-17	77.35	59.11	4,702,500
May-17	75.48	64.15	7,561,500
Jun-17	69.69	58.26	2,705,000

FINANCIAL HIGHLIGHTS

Statement of Value Addition

	2017	% age	2016	% age
		RUPEE IN THOUSAND		
VALUE ADDITION				
Revenue	3,925,697		3,215,811	
Other Income	290,934		135,301	
	4,216,631		3,351,112	
Less Operation & General Expenses	1,232,624		1,046,763	
Value Added	2,984,007	100%	2,304,349	100%
VALUE DISTRIBUTION				
To Employee				
Salaries & other employee benefits	2,183,499	73%	1,765,399	77%
To Governement				
Income tax & other taxes	41,787	1%	37,743	2%
To Provider of Capital				
Bonus shares & dividend	44,622	2%	-	0%
To Financial Institutions				
As mark-upon borrowings	29,669	1%	22,934	1%
To Charitable Institution	27,296	1%	21,846	1%
To Provider for Maintenance & Expansion of Assets				
Depreciation / Amortization	336,838		404,225	
Retained Income	320,296		52,202	
	657,134	22%	456,427	20%
	2,984,007		2,304,349	



Six Years' Summary

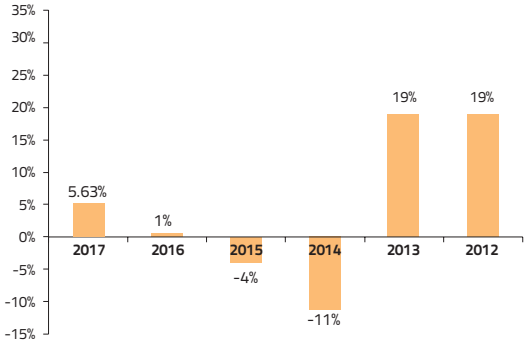
	2017	2016	2015	2014	2013	2012
FIXED CAPITAL EXPENDITURE						
Tangible	1,898,191	2,203,006	2,412,894	2,704,408	1,894,191	1,361,923
Intangibles	1,801,409	2,195,996	2,511,297	2,868,568	2,873,958	2,501,052
	3,699,600	4,399,002	4,924,191	5,572,976	4,768,149	3,862,975
DEFFERED EMPLOYEE CONTRIBUTION EXPENSE	-	-	-	-	54	750
NON CURRENT ASSETS	-	-	-	-	-	-
LONG TERM INVESTMENT	218,873	34,055	15,188	15,188	15,188	15,188
LONG TERM ADVANCES	446		-	-	-	-
WORKING CAPITAL	1,796,245	942,853	363,378	135,342	1,534,796	1,277,790
NET ASSETS EMPLOYED	5,715,164	5,375,910	5,302,757	5,723,506	6,318,133	5,156,007
EQUITY & LIABILITIES	-	-	-	-	-	-
SHAREHOLDER'S EQUITY	5,692,513	5,336,416	5,280,964	5,466,733	6,125,402	4,954,932
NON CURRENT LIABILITIES	22,651	39,494	21,793	256,773	192,731	201,075
TOTAL FUNDS INVESTED	5,715,164	5,375,910	5,302,757	5,723,506	6,318,133	5,156,007
REVENUE	3,925,697	3,215,811	2,700,191	1,831,525	2,632,779	2,189,855
COST OF REVENUE	2,685,337	2,282,076	2,167,105	1,814,351	1,087,478	833,842
GROSS PROFIT	1,240,360	933,735	533,086	17,174	1,545,301	1,356,013
OPERATING EXPENSES	920,064	881,533	720,111	635,692	385,693	434,589
NET (LOSS) / PROFIT FOR THE YEAR	320,296	52,202	(187,025)	(618,518)	1,159,608	921,424
EARNING PER SHARE	3.58	0.59	(2.10)	(7.02)	13.48	10.73
RESERVES & SHARE CAPITAL						
Reserves	4,796,141	4,443,382	4,390,487	4,577,021	5,339,672	4,175,817
Share Capital	896,359	891,544	890,464	889,699	785,717	779,102
PAYOUT						
Cash Dividend	14.5%	5.0%			10%	-
Bonus Shares					10%	-

Key Financial Ratios

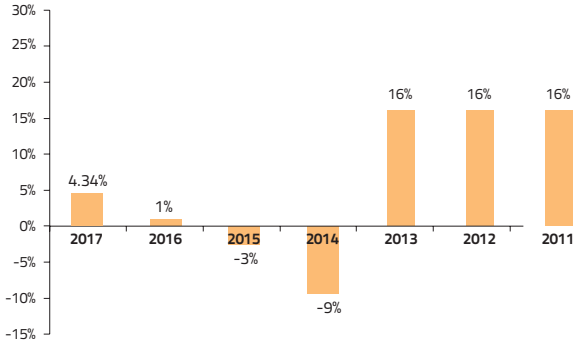
		2017	2016	2015	2014	2013	2012
Working Capital	Rupees in thousand	1,796,245	942,853	361,778	135,342	1,534,796	1,277,790
Gross Profit	%	31.60%	29%	20%	1%	59%	62%
Net Profit Margin	%	8.16%	2%	-7%	-34%	44%	42%
Return on Equity	%	5.63%	1%	-4%	-11%	19%	19%
Return on Assets	%	4.34%	1%	-3%	-9%	16%	16%
Earnings/(Loss) Per Share	Rupees	3.58	0.59	(2.10)	(7.02)	13.48	10.73
Book Value Per Share	Rupees	63.51	59.86	59.31	61.44	77.96	63.60
Outstanding No. of Shares	Number	89,635,923	89,154,423	89,046,423	88,969,923	78,571,703	77,910,203
Debtor Turnover	Times	5.87	2.68	6.02	5.77	2.73	2.67
Current Ratio	Times	2.08	1.77	1.33	1.2	3.05	2.66

Financial Summary

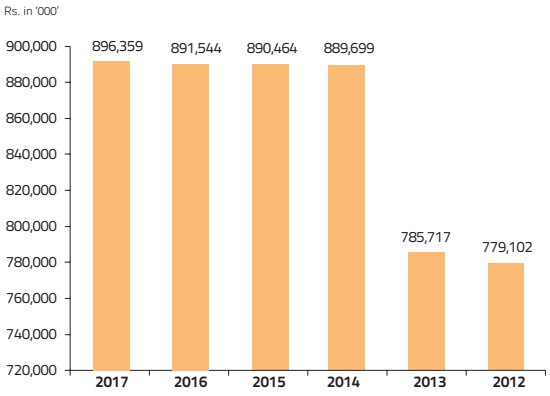
Return on equity



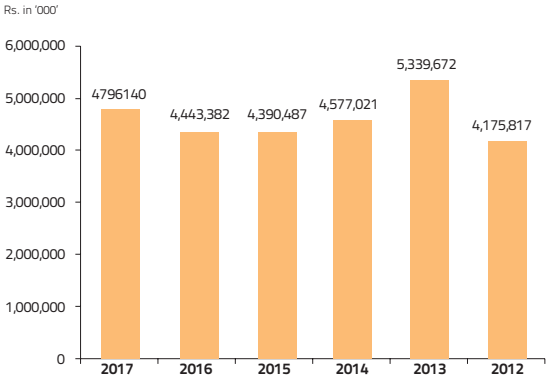
Return on Assets



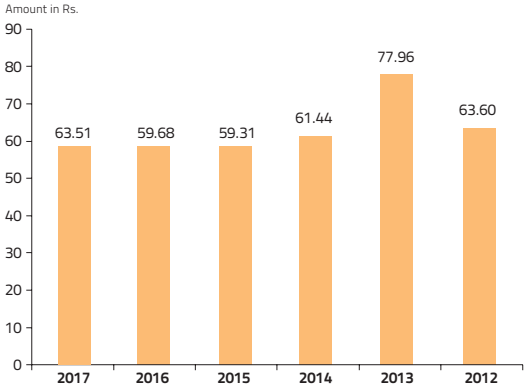
Share Capital



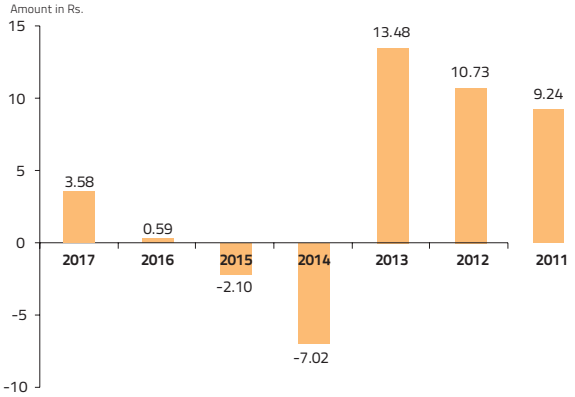
Reserves



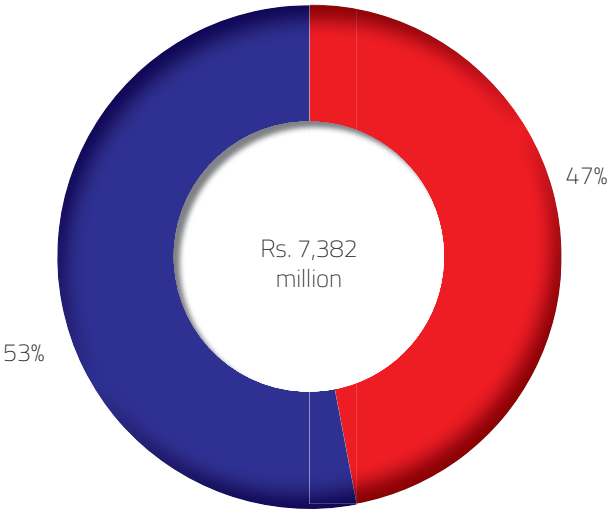
Book value per Share



Earning / (loss) per share

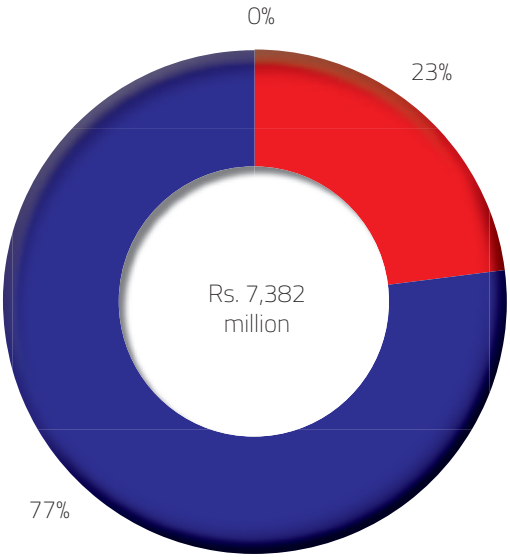


Assets



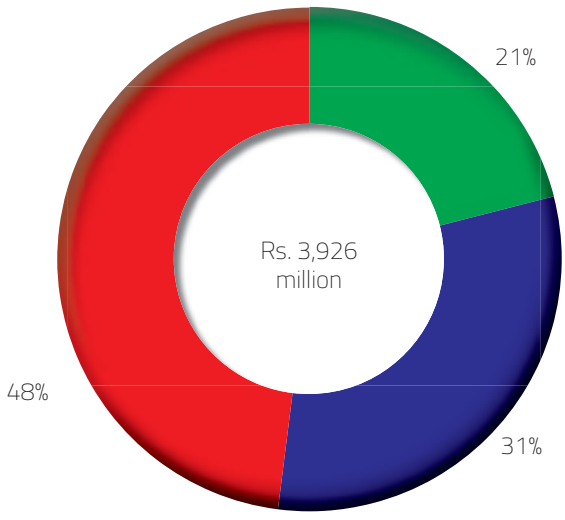
- Non- current assets
- Current assets

Equity & Liabilities



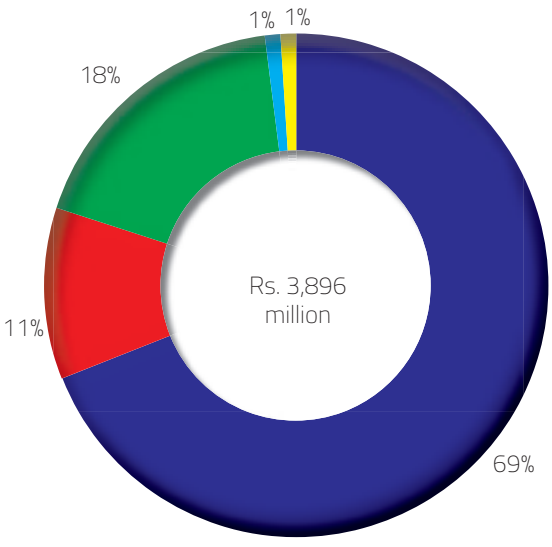
- Share Capital and Reserves
- Current liabilities

Revenue



- License
- Services
- Maintenance

Expenses



- Cost of Revenue
- Selling and promotion expenses
- Administrative expenses
- Finance cost
- Taxation

GOVERNANCE

Board of Directors

Shahab-Ud-Din Ghauri
Chairman

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

Salim Ullah Ghauri
Chief Executive Officer

Salim Ullah Ghauri began his entrepreneurial life 38 years ago but his real success came when he started NetSol in 1996, the leading finance and leasing Software Company of Pakistan. He is the founder and CEO of NetSol Technologies (1996). Salim Ghauri is a renowned IT Entrepreneur recognized globally today. His Interest in IT developed at Saudi Arabia and Australia in his previous years, urged an entrepreneurial thrust for his motivation. During his foreign experiences he direly felt a need of his skills for contribution in Pakistani IT sector. This motivation was a sense of patriotism intrinsically found in Salim Ghauri, who envisioned a dream of Pakistan having its own leading IT platform. His patriotic energy led to the founding of NetSol Technologies which became the first company in the country to achieve CMMI Level 5 status. At present, the Honorary Consul of Australia for Punjab and in addition, he has chaired the Federal Government's ICT Task Force. Currently and previously, Salim Ghauri has been called various times by the Prime Ministers and Presidents of Pakistan for his valuable contributions in the IT sector of Pakistan. He has served as a Former Chairman of Pakistan Software Houses Association for IT and ITES (P@SHA). Another major contribution includes American Business Forum (ABF). He has also served as the President of TiE Lahore. He is also a board member for British Business Centre.

Vaseem Anvar
Independent Director

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

Shahid Javed Burki
Independent Director

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

Anwaar Hussain
Independant Director

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

Najeeb Ullah Ghauri
Non Executive Director

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

Omar Shahab Ghauri
Executive Director

Omar Ghauri is the COO of NetSol Technologies Ltd. As COO, he is managing and leading all of company's operations and delivery of NetSol's Flagship product NFS . With 13 years of vast and extensive experience in the IT industry, Omar is committed to driving an innovative, impactful and diligent team of engineers. Omar's journey with NetSol started off as a Business Analyst in 2004 where he analyzed and refined the business and functional requirements of new projects. In 2007, he became the Service Manager for NFS where his prime responsibility was to ensure customer satisfaction and bridge the gap between customers and development teams. From 2008 onwards, he has progressed over the career ladder with utmost zeal and determination until finally becoming in charge of NFS. His experience in both senior and junior roles, over his career history, is a testament to the fact that he has a vast set of skills ranging from leadership to strategic thinking. Omar earned a Bachelor's degree in Computer Information Systems (CIS) from James Madison University, USA.

Directors' Report to the Members

On behalf of the Board of Directors, I am pleased to present the 21st Annual Report of NetSol Technologies Limited (NETSOL or the Company) along with audited Financial Statements for the year ended June 30, 2017 and the Auditors' Report.

GENERAL OVERVIEW

Pakistan's economy experienced a growth of 5.28% in fiscal 2016-17. Industrial sector witnessed a growth of 5.02% whereas large scale manufacturing posted a growth of 4.61% in fiscal year 2017. The Information Technology sector is exhibiting accelerated progress with total IT turnover of USD 3.1Billion, including both: exports and domestic revenue. The IT and Telecom sector are expanding and generating new jobs as businesses utilize modern ICT technologies such as e-commerce, e-banking, e-health, e-education, and business related to IT applications. Due to increase in IT remittances during the past few years, Pakistan's IT exports are estimated to have crossed USD 2.8 Billion a year at present as per estimation standard of Bearing Point with annual domestic revenue of around USD 500 Million.

During the current fiscal year, NETSOL continued to grow with noteworthy successful implementations and significant potential leads. Its next generation wholesale financial system, WFS Ascent, went live for a giant German auto manufacturer in Australia, New Zealand as well as in Thailand. These deployments were part of the on-going larger deal of NFS AscentTM implementations across twelve (12) countries. The said deal was signed during the fiscal year 2016 and currently few more implementations of different modules are in process in various countries. We also signed a mobility contract with PT. Mizuho Balimor, a leading Indonesian multi-finance company, during the current fiscal year. The implementation was of NETSOL's latest digital mobile origination (point of sale system) to enhance sales, optimize efficiency and streamline the sale execution process.

NETSOL FINANCIAL SUITE (NFS) & NFS ASCENT

NETSOL's offerings include its flagship legacy global solution, NFS and NFS Ascent. NFS is a robust suite of four software applications that is an end-to-end solution for the asset finance industry covering the complete leasing and finance cycle starting from quotation origination through end of contract transactions, and including digital channel support with intuitive mobile applications. The four applications under NFS have been designed and developed for a highly flexible setting and are capable of dealing with multi-company, multi-asset, multi-distributor and multi-manufacturer environments. Each application is a com-

plete system in itself and can be used independently to address specific sub-domains of the leasing/financing cycle. When used together, they fully automate the entire leasing/financing cycle for companies of any size, including those with multi-billion dollar portfolios.

The Company introduced NFS Ascent, its next generation platform in fiscal year 2014, offering a technologically advanced solution for the auto and equipment finance and leasing industry. NFS Ascent's architecture and user interfaces were designed based on Company's collective experience with Global Fortune 500 companies over the past years combined with UX design concepts. The platform's framework allows auto captive and asset finance companies to rapidly transform legacy driven technology into a state-of-the-art IT and business process environment. At the core of the NFS Ascent platform, is a lease accounting and contract processing engine, which allows for an array of interest calculation methods, as well as robust accounting of multi-billion dollar lease portfolios in compliance with various regulatory standards. NFS Ascent, with its distributed and clustered deployment across parallel application and high volume data servers, enables finance companies to process voluminous data in a hyper speed environment. NFS Ascent has been developed using the latest tools and technologies and its n-tier SOA architecture allows the system to greatly improve a myriad of areas including, but not limited to, scalability, performance, fault tolerance and security.

Both NFS and NFS Ascent have the following as their constituent applications:

Point of Sale (POS)

POS is a front office processing system for companies in the financial sector. It provides a quotation system which also incorporates a simulation for all kinds of financial products using a powerful built-in loan calculator.

Credit Application Processing System (CAP)

CAP provides companies in the financial sector with an environment to handle the incoming credit applications from dealers, agents, brokers and the direct sales force. CAP automatically gathers information from different interfaces like credit rating agencies, evaluation guides, and contract management systems and gives the applications a score against a user defined point scoring system. This automated workflow permits the credit team members to make their decisions more quickly and accurately. CAP is a database independent online system developed in Microsoft's .Net framework. It can be run from any computer system with normal specifications which is a key benefit for clients.

Contract Management System (CMS)

CMS provides comprehensive business functionality that enables its users to effectively and smoothly manage and maintain a contract with the most comprehensive details throughout its life cycle. It provides interfaces with external systems such as banks and accounting systems. CMS effectively maintains details of all business partners that do business with the company including, but not limited to, customers, dealers, debtors, guarantors, insurance companies and banks etc.

Wholesale Finance System (WFS)

WFS automates and manages the floor plan/bailment activities of dealerships through a finance company. Design of the system is based on the concept of one asset/one loan to facilitate asset tracking and costing. The system covers credit limit, payment of loan, billing and settlement, stock auditing, online dealer and auditor access, and ultimately the pay-off functions.

Dealer Auditor Access System (DAAS)

DAAS is a web-based solution that can be used in conjunction with WFS or any third party wholesale finance system. It addresses the needs of dealer, distributor and auditor access in a wholesale financing arrangement.

NFS MOBILITY

NETSOL launched NFS mobility couple of years ago. It enables a sales force for the finance and leasing company across different channels like point of sale, field investigation and auditing as well as allowing end customers to access their contract details through a self-service mobile application.

Mobile Account

The powerful mAccount is a self-service mobile solution. It empowers the dealer with a commanding backend system and allows the customer to setup a secured account and view information 24/7 to keep track of contract status, reducing inbound calls for customer queries and improving turnaround time for repayments.

Mobile Point of Sale

The application mPOS is a web and mobile enabled platform featuring a customizable home screen dashboard along with multiple quotation, application submission, work queues and detailed reporting to empower dealer networks in making the right decisions at the right time, in turn optimizing productivity.

Mobile Dealer

Mobile Platform mDealer provides more visibility and control over inventories – with minimal effort. Dealers can view their use of floor plan facility, stock status and financial conditions, while entering settlement requests or relocating assets.

Mobile Auditor

The mAuditor schedules visits, records audit exceptions and tracks assets for higher levels of transparency, in real time.

Mobile Field Investigator

By using Mobile Field Investigator (mFI), the applicant has access to powerful features that permit detailed verification on the go. The application features a reporting dashboard that displays progress stats, action items and latest notifications, enabling the client to achieve daily goals while tracking performance.

OUTSOURCING

One of the prominent areas in the information technology industry is the outsourcing business. NETSOL had established a joint venture with Innovation Group plc, UK in 2004, known as NetSol Innovation (Pvt) Ltd. Main activity performed by the joint venture is to provide services to The Innovation Group enabling them scale solution delivery operations in key growth markets. NetSol Innovation (Pvt) Limited provides services pertaining to business analyses, configuration, testing, software quality assurance, technical communication, research and development etc., regarding its insurance platform, client support as well as project management for development of software for The Innovation Group.

FINANCIAL PERFORMANCE

	SEPARATE ACCOUNTS		CONSOLIDATED	
	June 30 2017	June 30 2016	June 30 2017	June 30 2016
Revenue (in 000)	**3,925,697**	**3,215,811**	**4,519,197**	4,074,187
Gross Profit (in 000)	**1,240,360**	**933,735**	**1,454,342**	1,365,088
Net Profit (in 000)	**320,296**	**52,202**	**196,311**	129,778
Earnings per share – basic	**3.58**	**0.59**	**2.20**	1.46
Earnings per share – diluted	**3.56**	**0.58**	**2.18**	1.44
Adjusted EBITDA per share – diluted	**12.37**	**9.16**	**11.13**	10.26

Net revenues for the year ended June 30, 2017 were Rs. 3,926 million compared to Rs. 3,216 million in fiscal 2016. License revenue increased from Rs. 430 million in fiscal 2016 to Rs. 1,236 million in the current fiscal year. Main contributor to license revenue is the new Ascent contract in which multiple implementations are in process and the license revenue is being booked based on the percentage of completion method. Services revenues slightly reduced from Rs. 2,041 million in the previous fiscal year to Rs. 1,874 million in the current year. Maintenance revenue also increased from Rs. 749 million in the fiscal 2016 to Rs. 816 million in the current fiscal year. The 9% increase in maintenance revenue is mainly attributable to the implementations which were completed during the previous year but for which maintenance income has started from the current year.

Gross profit for the year was Rs. 1,240 million, up from Rs. 934 million in the same period last year. The company posted net profit of Rs. 320 million in the current year compared to a net profit of Rs. 52 million in the previous year. Basic and diluted earnings per share was Rs. 3.58 and Rs. 3.56 in comparison with last year's basic and diluted earnings per share of Rs. 0.59 and Rs. 0.58.

Adjusted EBITDA profit was Rs. 12.37 per share in the current fiscal year compared to Rs. 9.16 in the last fiscal year. EBITDA is a non-IFRS measure which is commonly used by the investors and analysts to analyze the financial health of any company. EBITDA is earnings before interest, tax, depreciation and amortization. Due to better realization of accounts receivables, the Company is also showing improved trends in its cash flows.

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 the year ended June 30, 2017 were Rs. 4,519 million compared to Rs. 4,074 million in fiscal 2016. Consolidated gross profit for the year was Rs. 1,454 million, up from Rs. 1,365 million in the same period last year. The company posted net consolidated profit of Rs. 196 million in the current year compared to a net profit of Rs. 130 million in the previous year. Consolidated basic and diluted earnings per share was Rs. 2.20 and Rs. 2.18 in comparison with last year's basic and diluted earnings per share of Rs. 1.46 & Rs. 1.44 respectively

CASH DIVIDEND

The Board of Directors in their meeting held on September 22, 2017 has recommended 14.5% cash dividend for the fiscal year ended June 30, 2017.

FUTURE OUTLOOK

Company's main focus remains on its next generation flagship platform, NFS Ascent. The system continues to do well in the Asia Pacific region with notable potential and qualified leads in Australia, China and Indonesia. A major German car manufacturing company is interested in implementing NFS Ascent platform for their operations across various countries, particularly in the APAC region. This could potentially come to closure soon. In addition, we have received a quite a decent response both in the Americas and Europe for our next generation system. Accordingly, we have planned sales and marketing activities over there to capitalize on the momentum.

We also have certain leads in the sales pipeline for the legacy system, NetSol Financial Suite that are being actively pursued by the Company. A number of companies in the Asia Pacific region particularly China, are interested in a low cost base leasing and

financial solution and our legacy system best suits their requirements. In order to enhance its penetration in different leasing markets, NETSOL will continue to sponsor and attend industry events that could possibly result into qualified leads and increase our reach. NETSOL has already signed up to be part of the major leasing summit taking place in Jakarta during the year 2018. Apart from this event, there are plans to attend a major leasing conference in Europe in the current year to explore new business avenues and network. In addition, we will attend and sponsor few events and conferences in China which is the biggest market so far, for our leasing solutions.

AWARDS & RECOGNITION

NETSOL was awarded the "First-Rate and Best Selling Finance and Leasing Solution Provider" Award at the 2017 Annual China Leasing Summit (CLS) for the fifth consecutive year. This recognition, for being the most outstanding software solution provider to finance and leasing companies in China, further strengthened NETSOL's position as one of the industry leaders in China.

The Company was also awarded "Top IT Exporter of 2016" Award by Pakistan Software Export Board in a ceremony held in December 2016.

NETSOL was the winner of "Best in Export Growth" category award at the P@SHA ICT Awards, 2016.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is an organization's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term commonly applies to efforts that go beyond what may be required by regulators or environmental protection groups. CSR can also be referred to as corporate citizenship and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

NETSOL acts responsibly on behalf of the future generations for the fulfillment of economic, environmental, and social progress. The Company works with various foundations and trusts towards improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Pakistani art and culture.

As a responsible corporate citizen, NETSOL undertook various projects for community welfare during the year, some of which are described here under:

1. CORPORATE PHILANTHROPY

1.1 NetSol Education Support Program (NESP)

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

Currently, this initiative is helping 307 children with their education. The students go to both English and Urdu medium institutions. It is helping students throughout Pakistan; from Karachi to KPK, including the FATA area, Gilgit Baltistan, Chitral, and Azad Kashmir. The program covers 125 employees and 159 schools.

In-addition the Company has contributed towards various donation initiatives and assistance in the following ways:

1. Financial support for First Step Foundation (Transgender) community,
2. Zakat/Donation drive for Shaukat Khanum Memorial Cancer Hospital & Research Centre,
3. Blood donation drive for Fatmeed/Sundus Foundation,
4. Financial assistance for a 4 years old cancer patient at Shaukat Khanum Memorial Cancer Hospital & Research Centre
5. The Citizens Foundation (TCF) for social development.

1.2 Earthquake and Flood Relief activities

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

1.3 Employment of Special Needs People

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

1.4 Energy Conservation

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

- Switch off all unnecessary devices
- Operate AC's at 26°C
- Switch off all AC's & lights during lunch break (01:00 PM – 02:00 PM)
- Switch off ACs & lights while stepping out of rooms or halls
- Make sure to shut down computer systems at the end of

the day
- Green Office Program, involving promotion of green IT use practices, such as judicious use of equipment and virtualization of services
- Replacement of all energy savers and other lights currently used in the office with LED lights
- Data center and server rooms, being large consumers of energy in an IT landscape, have been standardized using an eco-friendly room design that incorporates power and cooling best practices
- Video and Audio Conferencing (VC and AC) usage is promoted steadily
- Minimizing the use of paper to promote a greener environment

1.5 Environmental Protection Measure

We view the economy, environmental protection and social responsibility as three key factors carrying equal weight in a liberal world market. We support the dissemination of knowledge needed for endurable development through the transfer of knowledge in the fields of management and technology, wherever we operate as a company.

As a corporate citizen and conscious of our social and environmental responsibilities, we function in a manner that protects and preserves the environment for our future generations, ensures the health & safety of our stakeholders and exerts a positive influence in the community.

Our employees, partners, customers, and suppliers are committed to participate in the efforts to protect the world's ecosystem for future generations. Together, we are working to reduce environmental impacts by engaging all stakeholders and providing products and solutions that help in this regard. These efforts help us to meet the expectations of stakeholders and makes good business sense, often reducing operating costs and business risks.

Our commitment to reduce environmental impact extends across our value chain; we aim to recurrently develop our management systems to deliver consistent and measurable progress. Being conscious to this social citizenship, we have taken a tree plantation initiative at NETSOL IT village premises to improve the surrounding environment.

1.6 Consumer Protection Measures

We produce good quality end-to-end software solutions with qualified and professional staff and maintain high quality software standards like CMMI Level 5, ISO/IEC 20000, ISO 9001 and ISO 27001 standards. Quality Engineering Management is always very keen in implementing and executing rules and regulations for quality maintenance.

2. RELATIONSHIP WITH EMPLOYEES

2.1 Gamification

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

2.2 In-house Doctor

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

2.3 Fire and Safety Staff

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

2.4 Umrah Draws

Every year employees are awarded Umrah through random balloting. In 2017, four Company employees along with one family member each went to perform Umrah through computerized draw on the company's expenses.

2.5 Free Lunch and Gymnasium

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

2.6 Health talks, trainings and similar initiatives

NETSOL conducts regular health talks to create awareness among employees regarding different health issues that can emerge in the working class. Employees are educated about symptoms and causes of some of the gravest diseases of this age that can sprout from working long hours in offices. There has been a continuous effort made to offer trainings, such as the breathing sessions, to help employees relax and lead a stress free day. Ex-PCB trainer Yasir Mehmood conducts recurrent trainings for women focused on the importance of health and fitness in women. These are comprehensive sessions designed to emphasize the intake of foods and practices necessary for working women's health. One of the sessions focused primarily on the causes, treatment and prevention of Tuberculosis.

2.7 Pick & Drop and Day Care Facility

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

2.8 Bikes for Male Employees

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

2.9 Celebrating Success together

A company-wide meeting is regularly organized to celebrate success or special achievements of the Company. Additionally, different events are held to celebrate triumph, and for the recreation of the employees.

3. BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

NETSOL holds frequent activities to ensure that the employees are working within the Company's Code of Conduct (Code). The Code is thoroughly observed throughout the organization. Employees are also required to sign off on the Code. There is zero tolerance towards corruption in the Company. Employees are encouraged to contact the audit committee directly whether anonymously or otherwise in case they come to know about any monetary irregularities or suspicious activities taking place in the Company. For this purpose, drop boxes have been placed at prominent places within the Company's office.

4. OCCUPATIONAL SAFETY AND HEALTH

We take it as our responsibility to provide a safe and healthy workplace to our employees and other stakeholders. The provision of a safe working environment is paramount at NETSOL. The effective management of health and safety hazards protects employees from harm and ensures that the business complies with regulatory and legal standards. In line with NETSOL's mission to add vitality to life, we place safety, health and environment at the heart of our business agenda. We continuously try to improve our management system standards not only at the workplace but also through "off the-job safety" program to inculcate safety consciousness round the clock amongst our employees. NETSOL continued its focus on health and safety parameters with no accidents reported at any site. This is a true reflection of our determination to ensure that our people operate in a safe environment.

We also operate disaster prevention and recovery plan and periodically conduct various safety drills for complete evacuation, firefighting, cardiopulmonary resuscitation and first aid methods and various awareness campaigns including dengue precautions.

5. AWARENESS & MOTIVATION

Company puts utmost focus on its employees learning and growth, for which it has been continuously creating awareness and motivating them. It conducted various awareness sessions for its employees during this year. Few of them are:

1. Pink Ribbon, Breast Cancer Awareness Campaign
2. World Women's Day
3. World Heart Day, along with healthy breakfast for all employees.
4. Nutrition Workshop

Motivation is an everyday and an on-going practice. Company persistently motivates its employees by various initiatives. Some of them in this year were:

1. Main na manon haar' sessions with former Olympian cyclist Muhammad Ashiq
2. 'Moms back to work', an activity for working mothers to step-back in their career.

NSPIRE

Nspire kicked off its operations in December 2015 as the first business incubator to be started by an industry player. Today it is currently incubating its 3rd cohort of startups, working on various ideas. The passing out (Demo Day) of the 2nd cohort of startups was held in May with external judges and investors on the judging panel. Fulfilling its commitment to community engagement, Nspire gave the platform to students from a partner university to showcase their ideas and products as well. Some of the success stories of the second cohort include one startup raising a funding of Rs.1 Million, one being picked up for partnership by an investor and another startup making it to the final stages of 'Startup Istanbul'.

On community engagement, Nspire reached several milestones including partnerships with local co-working space Daftarkhawan, partnering with Microsoft innovation center for Spark accounts and Azure training, two rounds of open workshops on incubation with each round lasting one week. In another unique event, Nspire engaged the entrepreneurial eco-system by holding a cricket tournament which had participation from all incubators within Punjab. Nspire continues on its journey of growth and a commitment to Pakistani entrepreneurial enablement while also ensuring involvement of different stakeholders in the space.

INSTITUTE FOR CORPORATE ADVANCEMENT AT NETSOL (ICAN)

NETSOL has implemented a state of the art in-house Learning Management System which was upgraded in June 2017 to ensure we use the latest platform. Three training rooms, a recording studio and the necessary training infrastructure for a high quality training experience have been set up. Every new-hire has to go through a specially designed program which covers business

ethics, domain knowledge, development methodology as well as software programming.

ICAN facilitators delivered more than 1000 hours of training in about 250 different sessions and covered more than 40 distinct topics. The topics ranged from very specific areas such as software programming in different technologies to general areas such as business communication, presentation skills and personal effectiveness. More than 500 participants attended at least one or more of the 250 in-class sessions. Additionally, ICAN also facilitated external trainings, certifications and examinations of more than 150 people across different departments.

ICAN has also procured access to the global knowledge pool via an online arrangement with one of the world's leading learning platforms. Last year, NETSOL attained the status of an ACCA approved employer. The relationship with ACCA has enriched the knowledge and network of our business analysts, accounts and finance experts. NETSOL also encourages its employees to take global trainings and certifications (PMP, MCP, ACP, CCEI, CCNA, etc.) to enhance their knowledge base by providing with necessary sponsorship.

CONTRIBUTION TO NATIONAL EXCHEQUER

We have always showed our responsibility by paying all government taxes in time and without any delay. For the year ended June 30, 2017 we made our humble contribution to the National Exchequer by way of general sale tax, income tax and other government levies.

Description	Rupees (000)
Income Tax	53,180
Sales Tax	5,449
With Holding Tax	173,735

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

CORPORATE & FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practice of corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data of the last six years, in summarized form, is annexed herewith.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2017 except those as disclosed in the financial statements.
- Value of the provident fund investments as on June 30, 2017 was Rs. 498.78 million (June 30, 2016: Rs. 393.26 million).
- No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

AUDIT COMMITTEE

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

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

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established a Human Resource and Remuneration Committee to provide recommendations to the board regarding selection, evaluation and compensation of key management positions. The committee comprises of the following three (03) members:

Name of Director	Designation
Najeeb Ullah Ghauri	Chairman/ Non-Executive Director
Vaseem Anvar	Member/ Independent Director

Salim Ullah Ghauri	Member/ Executive Director

ATTENDANCE AT BOARD MEETING

There was no change in the constitution of the Board during the fiscal year 2017. During the year ended June 30, 2017, four (04) board meetings were held and attended as follows:

Name of Director	No. of Meetings
Shahab-ud-Din Ghauri	04
Salim Ullah Ghauri	04
Vaseem Anvar	04
Najeeb Ullah Ghauri	03
Shahid Javed Burki	02
Omar Ghauri	04
Anwaar Hussain	01

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

ATTENDANCE AT AUDIT COMMITTEE MEETING

During the year ended June 30, 2017, four (04) meetings of the Audit Committee were held and attended as given hereunder:

Name of Member	No. of Meetings
Vaseem Anvar	04
Anwaar Hussain	01
Najeeb Ullah Ghauri	04

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

DIRECTOR'S TRAINING PROGRAM

The Company is fully compliant with regard to "Director Training Program". All the board members have either completed their "Certificate of Directors Education" or are exempt as per criteria specified in clause 5.19.7 of the Pakistan Stock Exchange Regulations.

EMPLOYEE STOCK OPTION SCHEME

On August 01, 2009, the compensation committee granted 4.35 Million stock options to the employees at a grant price of Rs.16.42 per option. The options were granted under employee stock option scheme duly approved by the Securities and Exchange Commission of Pakistan. Since the grant of options till the end of fiscal year 2017, the granted options had become 100% exercisable.

According to the requirements of Section 12 of Employees Stock Option Rules 2001, following disclosure is made regarding options granted, vested or exercised during the financial year ended June 30, 2017:

1. The Company had granted 4,350,000 options to its employees.
2. Exercise price of options was determined by taking one month's average share price of Company's share at Pakistan Stock Exchange (the then Karachi Stock Exchange) on the date of grant of the options discounted by 20%.
3. 100% of the options granted had vested by the end of financial year ended June 30, 2017.
4. Till June 30, 2017, 3,743,500 options were exercised by the employees and Rs. 61.47 Million was received by the Company on this account.
5. 481,500 fresh shares were issued during the fiscal year ended June 30, 2017 due to exercise of options by the employees. Total shares issued against the employees' stock option scheme till June 30, 2017 were 3,743,500.
6. 392,000 options have lapsed.
7. Following options were granted to the senior managerial cadre employees of the Company:

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

8. Except the figures disclosed above, no employee was granted five percent or more of options during one year or one percent or more of the issued capital of the Company.
9. Certain amendments to Employees Stock Option Scheme 2009 were approved by Securities and Exchange Commission of Pakistan vide letter dated June 10, 2016. The same amendments were also approved by the shareholders of the Company through a special resolution passed on October 27, 2015. Major amendments are narrated below:
   a. Vesting period for the options to be granted by the Company from the year 2016 onwards would be three years instead of seven years.
   b. Options to be granted by the Company in the year 2016 onwards may be exercised in the following manner:
      - 50% of the options granted to an employee may be exercised any time during the exercise period but one year after the date of grant.
      - Up to 80% (inclusive of 50% above) of the options granted to an employee may be exercised any time during the exercise period but after completion of two years from the date of grant.
      - Up to 100% (inclusive of 80% above) of the options granted to an employee may be exercised any time during the exercise period but after completion of three years from the date of grant.

HOLDING COMPANY

NetSol Technologies Inc., 24025 Park Sorrento, Suite 410,

Calabasas CA 91302, USA holds majority of shareholding of the Company.

AUDITORS

The present external auditors' Messrs H.Y.K & CO., Chartered Accountants retire and being eligible, offer themselves for reappointment.

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

The Audit Committee and the Board recommend their reappointment for the year ending June 30, 2018.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for the last six years is annexed with the Annual Report.

PATTERN OF SHAREHOLDING

Pattern of shareholding as at June 30, 2017 as required by Section 227 of the Companies Act, 2017 including the information under the Code of Corporate Governance is annexed herewith.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its respected shareholders, valued customers, government agencies and financial institutions. The Board would also like to express its appreciation for the services, loyalty and efforts being continuously rendered by all the employees of the Company and hope that they will continue with the same efforts in future.

On behalf of the Board

Salim Ullah Ghauri
Cheif Executive Officer

Omar Ghauri
Director

Lahore
September 22, 2017

ڈائریکٹرز کی رپورٹ برائے ممبران

مجھے خوشی ہے کہ از طرف بورڈ آف ڈائریکٹرز نیٹ سول ٹیکنالوجیز لمیٹڈ (NETSOL اور The Company) کی اکیسویں سالانہ آڈٹ شدہ مالیاتی گوشوارے جس کا اختتام 30 جون 2017ء کو ہوا۔ مع آڈیٹرز رپورٹ پیش کر رہا ہوں۔

عمومی جائزہ

مالی سال 2016-17ء میں پاکستانی معیشت میں 5.28 فیصد کی شرح سے اضافہ دیکھا گیا۔ صنعتی شعبے میں 5.02 فیصد کا اضافہ دیکھا گیا جب کہ بڑے پیمانے پر مینوفیکچرنگ نے مالی سال 2017ء میں 4.61 فیصد کی شرح سے ترقی کی۔ حال ہی میں انفارمیشن ٹیکنالوجی کے شعبے میں بڑی تیزی سے ترقی کا رجحان دیکھنے میں آیا۔ جس کا مجموعی حجم 3.1 بلین US ڈالر ہے۔ اس میں برآمدات اور ملکی درآمدی محصولات دونوں شامل ہیں۔ انفارمیشن ٹیکنالوجی (IT) اور ٹیلی کام سیکٹرز میں توسیعی ترقی کا عمل جاری وساری ہے۔ جس کے نتیجے میں نئی ملازمتیں اور مواقع پیدا ہو رہے ہیں۔ کیونکہ کاروباری ادارے جدید آئی سی ٹی (ICT) ٹیکنالوجیز کا استعمال کر رہے ہیں۔ جیسے ای کامرس، ای بینکنگ، ای۔صحت، ای۔تعلیم اور آئی ٹی (IT) ایپلی کیشنز (IT application) سے متعلق کاروبار گزشتہ چند سالوں میں آئی ٹی برآمدات کی ترسیلات میں اضافے کی وجہ سے پاکستان کی آئی ٹی برآمدت کا اندازہ لگایا گیا ہے کہ فی سال تقریباً 2.8 بلین US ڈالر کی داخلی رقمی آمدنی کے ساتھ ساتھ Bearing Point کے تخمینہ معیار کے مطابق سالانہ 500 ملین US ڈالر کی domestic برآمدات کی گئی ہیں۔

موجودہ مالی سال کے دوران نیٹ سول نے مسلسل قابل ذکر کامیابیاں حاصل کیں اور اپنی بھرپور صلاحیتوں کو بروئے کار لاتے ہوئے بہترین کارکردگی کا مظاہرہ کیا۔ next generation ہول سیل مالی نظام WFS Acent آسٹریلیا میں ایک بڑے جرمن آٹو زمینوفیکچرر نیوزی لینڈ اور اس کے ساتھ ساتھ تھائی لینڈ میں بھی جاری وساری ہو گیا ہے۔ یہ تعیناتی 12 ممالک میں NFS Asent کے نفاذ پر آگے بڑھنے والے بڑے معاہدے کا حصہ تھا۔ مذکورہ معاہدے پر مالی سال 2016ء کے دوران دستخط کیے گئے اور اس وقت مختلف ممالک میں مختلف نوعیت کے Modiles کا نفاذ عمل میں ہے۔ موجودہ مالی سال کے دوران ہم نے انڈونیشیا کی ایک مشہور کیپٹر فنانس کمپنی PT. Mizuho Bolimor کے ساتھ mobility contract پر بھی دستخط کیے ہیں۔ فروخت کو فروغ دینے کی کارکردگی کو بہتر بنانے اور فروخت کے عمل کو بہتر بنانے کے لیے نیٹ سول تازہ ترین origination digital mobile پوائنٹ آف سیل سسٹم) کا نفاذ تھا۔

NFS ASCENT، NETSOL FINANCIAL SUIT (NFS)

نیٹ سول کی پیشکش میں اس کی اہم legacy glogal solution، این ایف ایس (NFS) اور NFS Ascent شامل ہیں۔ NFS چار سافٹ ویئر ایپلی کیشنز کا ایک مضبوط و مربوط suite ہے۔ جو اثاثہ فنانس انڈسٹری کے لیے آخر تک حل ہے۔ جو مال، لیزنگ اور فنانس سائیکل کا احاطہ کرتا ہے۔ جو کمیشن کی منتقلی کے آغاز سے معاہدے کی منتقلی کے اختتام تک جاری رہتا ہے اور اس میں بھری موبائل ایپلی کیشنز کے ساتھ digital channel support بھی شامل ہے۔ NFS کے تحت چار ایپلی کیشنز (applications) کو ایک انتہائی لچکدار ترتیب کے ساتھ ڈیزائن میں تیار کیا گیا ہے اور اکثر کمپنی، کیپٹر اثاثہ جات، مالی ڈسٹری بیوٹرز اور ملٹی مینوفیکچرر ماحول سے نمٹنے کی صلاحیت رکھتا ہے۔ ہر ایپلی کیشنز ایک مکمل نظام ہے اور لیزنگ رمالیاتی سائیکل کے مخصوص ذیلی ڈومینز کو ایڈریس کرنے کے لیے آزادانہ طور پر استعمال کیا جا سکتا ہے۔ جب ایک دوسرے کے ساتھ استعمال کیا جاتا ہے تو وہ کسی بھی سائز کی کمپنیوں کے لیے پورے لیزنگ رفائنسنگ سائیکل کو مکمل طور پر خودبخود خودمختار کر سکتے ہیں۔ بشمول وہ جو ملٹی بلین ڈالر کا پورٹ فولیو رکھتی ہیں۔

کمپنی نے 2014ء میں next generation پلیٹ فارم سے NFS Ascent متعارف کرایا تھا۔ جو آٹو واہلی درجے کا حل پیش کرتا ہے۔ NFS Ascent کا آرکیٹیکچر اور صارف کے interfaces گزشتہ سال کے مقابلے میں Global Fortune 500 کمپنیوں کے ساتھ کمپنی کے مجموعی تجربے اور UX design تصورات کو مدنظر رکھتے ہوئے تیار کیے گئے تھے۔ اس پلیٹ فارم کے فریم ورک نے auto captive اور asset finance کمپنیوں کو جدید legacy driven technology اور کاروباری سرگرمیوں کی سہولت فراہم کی ہے جس کی وجہ سے کاروباری سرگرمی میں تیزی کا رجحان دیکھنے میں آیا۔ NFS Asecnt پلیٹ فارم کی بنیاد ایک لیزاکاؤنٹنگ اور کنٹریکٹ processing engine ہے۔ جس میں مختلف ریگولیٹری معیارات میں دلچسپی کے ساتھ ساتھ ملٹی بلین ڈالر لیز پورٹ فولیو کی مضبوط اکاؤنٹنگ کی گنجائش موجود ہے۔ NFS Asecnt متوازی عمل رایپلی کیشنز اور اعلیٰ حجم data servers کے ذریعے اس کی تقسیم اور clustered تعیناتی کے ساتھ ساتھ تیز رفتار ماحول میں تیز ترین اعداد و شمار پر فنانس کمپنیوں کو عمل کرنے کے قابل بنایا ہے۔ NFS Asecnt جدید ترین آلات اور ٹیکنالوجی کا استعمال کرتے ہوئے تیار کیا گیا ہے اور اس کا n-tier SOA آرکیٹیکچر نظام کو اس قابل بناتا ہے کہ وہ تمام متعلقہ شعبوں میں بہتری لا سکے لیکن یہ متعاس پیشہ ورانہ کارکردگی اور محض سکیورٹی تک محدود نہیں ہے۔

NFS اور NFS Ascent دونوں کے مطابق ان کے اجزا کی ایپلی کیشنز موجود ہیں۔

پوائنٹ آف سیل (POS) Point of Sale

POS فرنٹ آفس پراسیسنگ سسٹم ہے جو مالیاتی شعبے سے تعلق رکھنے والی کمپنیوں کے لیے ہے۔ یہ ایک کونیشن سسٹم فراہم کرتا ہے۔ جس میں ایک طاقتور اور جدید ساختہ شدہ (Built-in) کیلکولیٹر (Calculated) کا استعمال کرتے ہوئے تمام اقسام کی مالیاتی محصولات کا اندراج شامل ہے۔

کریڈٹ ایپلی کیشنز پراسیسنگ سسٹم (CAP) Credit Application Processing System

CAP مالیاتی شعبے سے تعلق رکھنے والی کمپنیوں کو ایسا ماحول فراہم کرتی ہے جس سے کمپنیاں ایجنٹوں، بروکرز اور براہ راست سیلز فورس سے آنے والی کریڈٹ ایپلی کیشنز کو سنبھال لیتی ہے۔ CAP مختلف انٹرفیس سے کریڈٹ رینگ ایجنسیوں، تشخیص کی ہدایات اور معاہدے کے انتظامی نظام کے لیے خودبخود معلومات اکٹھا کرتا ہے اور ایپلی کیشنز کو ایک صارف کی وضاحت کردہ پوائنٹ اسکورنگ سسٹم کے خلاف ایک اسکور دیتا ہے۔ یہ خودکار طریقہ کار کریڈٹ ٹیم کے ارکان کا اس کا مجاز بناتا ہے کہ وہ ایسے فیصلوں کو جلد اور درست طور پر کر سکیں۔ CAP Microsoft's .Net framework میں تیار شدہ ایک آزاد ڈیزائن آن لائن سسٹم ہے۔ یہ کسی بھی عام normal specifications کمپیوٹر سسٹم کے ساتھ چل سکتا ہے۔ جو Clients کے لیے بہت اہم اور فائدہ مند ہے۔

کنٹریکٹ مینجمنٹ سسٹم (CMS) Contract Management System

CMS جامع کاروباری فعالیت فراہم کرتا ہے۔ جو صارفین اپنی پوری زندگی میں مکمل

تفصیلات کے ساتھ موثر طریقے سے معاہدے کا انتظام برقرار رکھنے میں معاون ہوتا ہے۔ یہ بینکوں اور اکاؤنٹنگ سسٹم جیسے بیرونی نظام کے ساتھ روابط (interfinaces) فراہم کرتا ہے۔ CMS موثر طریقے سے تمام کاروباری شرکت داروں کی تفصیلات کو برقرار رکھتا ہے جو کمپنی کے ساتھ کاروبار میں شامل ہیں لیکن یہ صافین، ڈیلرز، قرض دہندگان، ضمانت دہندگان، انشورنس کمپنیوں اور بینکوں وغیرہ تک محدود نہیں ہے۔

Wholesale Finance System (WFS) ہول سیل فنانس سسٹم

WFS ایک فنانس کمپنی کے ذریعے ڈیلرشپ (dealer ships) کی بنیادی منصوبہ بندی/اجارہ داری (floor plan) خودکار طریقے سے انتظام کرتا ہے۔ اس سسٹم کا ڈیزائن اثاثہ جات سے باخبر رکھنے اور لاگت کی سہولیات کے لیے One asset/ Oner loa کے تصور پر مبنی ہے۔ اس نظام (System) میں کریڈٹ کی حد، قرض کی ادائیگی، بلنگ اور تصفیے، سٹاک آڈیٹنگ، آن لائن ڈیلر اور آڈیٹر تک رسائی الغرض یہ تمام ادائیگیوں کا خیال رکھتا ہے۔

Dealer Auditor Access System(DAAS) ڈیلر آڈیٹر رسائی سسٹم

DAAS ایک ویب پر مبنی حل ہے جو WFS یا کسی تیسرے فریق ہول سیل فنانس سسٹم کے ساتھ ملا کر استعمال کیا جاسکتا ہے۔ یہ ہول سیل فنانسنگ کے انتظام میں ڈیلر، ڈسٹریبیوٹر اور آڈیٹر تک رسائی کی ضروریات کو پورا کرتا ہے۔

NFS Mobility موبائل NFS

نیٹ سول نے دو سال قبل NFS Mobility کا آغاز کیا۔ یہ سیلز فورس اور لیزنگ کمپنیوں کو مختلف جیوگرافی پر سیل، فیلڈ کی تحقیقات اور آڈیٹنگ کے قابل بناتا ہے اور اس کے ساتھ ساتھ اپنی مدد آپ (Self service) کے تحت اپنے معاہدے کی تفصیلات تک رسائی حاصل کرنے کا مجاز بناتا ہے۔

Mobile Account موبائل اکاؤنٹ

طاقتور mAccount ایک خودکار سروس حل ہے۔ یہ ڈیلر کو کمانڈنگ بیک اپ سسٹم فراہم کرتا ہے اور کسٹمر کو ایک مخصوص اکاؤنٹ بنانے، ۲۴ گھنٹے معلومات تک رسائی، کسٹمر کے سوالات کے لیے اندرونی کالز کو کم کرنے اور ادائیگی کے طریقہ کار اور وقت کو بہتر کرنے کا مجاز بناتا ہے۔

Mobile Point of Sale موبائل پوائنٹ آف سیل

mPOS ایپلی کیشنز ایک ویب اور موبائل فعال پلیٹ فارم ہے۔ جس میں ایک سے زیادہ کمیشن، درخواست جمع کرانے کے کام کا اندراج اور ڈیلر ٹیٹ ورک کو صحیح وقت پر درست فیصلہ کرنے میں باخبر رہنے کے لیے تفصیلی رپورٹنگ کے ساتھ اس میں ایک حسب ضرورت ہوم سکرین ڈیش بورڈ کی خاصیت موجود ہے۔

Mobile Dealer موبائل ڈیلر

موبائل پلیٹ فارم mDealer کم سے کم اس کوشش کے ساتھ over Inventories اور کنٹرول فراہم کرتا ہے۔ ڈیلرز منصوبہ بندی سہولیات، سٹاک کی حیثیت، اور مالی معاملات کے استعمال کو تصفیہ کی درخواستوں میں داخل ہونے یا اثاثوں کو منتقل کرنے کے دوران دیکھ سکتے ہیں۔

Mobile Aditor موبائل آڈیٹر

شیڈولڈ روٹ، حقیقی وقت میں آؤٹ اور اثاثوں کی جانچ پڑتال اعلیٰ درجے کی شفافیت کے لیے ریکارڈ کرتے ہیں۔

Mobile Field Investigator موبائل فیلڈ انویسٹی گیٹر

موبائل فیلڈ (mFI) کا استعمال کرتے ہوئے درخواست دہندہ نے طاقتور خصوصیات تک رسائی حاصل کرتا ہے جو اسے سرعت کے ساتھ تفصیلی توثیق کا مجاز بناتا ہے۔ یہ ایپلی کیشن ایک رپورٹنگ ڈیش بورڈ کی پیشکش کرتا ہے جو ترقی کے اعداد و شمار، اشیاء کی کارروائی اور تازہ ترین اطلاعات ظاہر کرتا ہے اور یہ چیز کلائنٹ (Client) کو اس قابل بناتی ہے کہ وہ اپنی کارکردگی کو مدِ نظر رکھتے ہوئے اپنے روزمرہ کے اہداف کو حاصل کرے۔

Outsourcing آؤٹ سورسنگ

آؤٹ سورسنگ انفارمیشن ٹیکنالوجی کی خدمت کا اہم امور ہے۔ خارجی استعانت (Outsourcing) برائے کاروبار ایک نمایاں امر ہے۔ نیٹ سول نے 2004ء میں برطانیہ کے innovation group plc کے ساتھ ایک مشترکہ منصوبہ بنایا تھا جو نیٹ سول انوویشن (پرائیویٹ) لمیٹڈ کے نام سے جانا جاتا ہے۔

اس مشترکہ منصوبے کا بنیادی مقصد Innovation group کو خدمات فراہم کرتا ہے۔ جو اسے ترقیاتی مارکیٹوں میں ان کے پیمانے پر حل کی ترسیل (Solution Deliver) کے عمل کو فعال بناتا ہے۔

نیٹ سول انوویشن (پرائیویٹ) لمیٹڈ گروپ کی سافٹ ویئر ترقی کے لیے کاروباری تجزیہ، ترتیب، ٹیسٹنگ، سافٹ ویئر کوالٹی، ایشورنس، تکنیکی مواصلات، تحقیق و ترقی وغیرہ سے متعلق خدمات فراہم کرتا ہے اور اس کے ساتھ ساتھ انشورنش پلیٹ فارم سے متعلق کلائنٹ سپورٹ اور پروجیکٹ مینجمنٹ (Project manegemen) کی خدمات بھی گروپ کو فراہم کرتا ہے۔

Financial Performance مالیاتی کارکردگی

	انفرادی مالیاتی گوشوارے		مجموعی مالیاتی گوشوارے	
	30 جون 2017ء	30 جون 2016ء	30 جون 2017ء	30 جون 2016ء
محصولات (000 میں)	3,925,697	3,215,611	4,519,197	4,074,167
خام منافع (000 میں)	1,240,360	933,735	1,454,342	1,365,086
خالص منافع (000 میں)	320,296	52,202	196,311	129,778
منافع فی حصص۔ بنیادی	3.58	0.59	2.20	1.46
منافع فی حصص۔ تحلیل شدہ	3.56	0.58	2.18	1.44
EBITDA فی حصص۔ تحلیل شدہ	12.37	9.16	11.13	10.26

30 جون 2017ء کو ختم ہونے والے مالی سال کی نقد آمدنی 3.926 ملین روپے تھی، جب کہ مالی سال 2016ء میں یہی آمدنی 3.216 ملین روپے تھی۔ لائسنس آمدنی مالی سال 2016ء کی 430 ملین روپے کے مقابلے میں موجودہ مالی سال میں 1.236 ملین روپے ہیں۔

لائسنس آمدنی میں اہم شراکت دار ایک نیا Ascent معاہدہ ہے جس میں بہت سے نفاذ محل درآمد کے مراحل میں ہیں اور لائسنس آمدنی میں تکمیل کے طریقہ کار کے مطابق ان کی جنگ جاری ہے۔

سروس آمدن گزشتہ مالی سال 2.041 ملین روپے کے مقابلے میں معمولی اضافے کے ساتھ موجودہ مالی سال میں 1.874 ملین روپے ہے۔

بحالی آمدن (Maintenance Revenve) بھی مالی سال 2016ء کے 749 ملین

روپے سے موجودہ مالی سال میں 816 ملین روپے رہی۔

بھائی آمدن کی مد میں بنیادی طور پر ان منصوبوں کو شامل کیا جاتا ہے۔ جو گزشتہ سال کے دوران مکمل ہو چکے ہیں۔ لیکن اس کے لیے موجودہ مالی سال سے بھائی آمدن شروع ہوئی ہے۔

منافع گذشتہ سال میں 934 ملین روپے سے بڑھ کر 1.240 ملین روپے موجودہ سال رہا۔ کمپنی نے گذشتہ سال کی اس مدت میں نقد منافع 52 ملین روپے کے مقابلے 320 ملین روپے نقد منافع موجودہ سال درج کیا۔ بنیادی اور تحلیل شدہ (Diluted) آمدنیاں فی حصص 3.58 روپے اور 3.56 روپے فی حصص موجودہ سال رہی۔ اس کے مقابلے میں گذشتہ سال بنیادی اور تحلیل شدہ (Diluted) آمدنیاں فی حصص 0.59 روپے اور 0.58 روپے فی حصص رہی۔ رواں مالی سال میں EBITDA منافع 12.37 روپے فی حصص کے مقابلے میں گذشتہ مالی سال میں 9.16 فیصد روپے تھا۔ EBITDA ایک غیر IFRS اقدام ہے جو کہ عام طور پر کسی بھی کمپنی کی مالی حالت کا تجزیہ کرنے کے لئے سرمایہ کاروں اور تجزیہ کاروں کی طرف سے استعمال کیا جاتا ہے۔ EBITDA سود، ٹیکس، فرسودگی اور کساد بازاری سے پہلے کی آمدنی ہے۔ مالیاتی وصولی میں بہتری کی وجہ سے کمپنی میں اس کی نقد رقم کا بہاؤ میں بہتری کے رجحانات کو دیکھا جا سکتا ہے۔

ماتحت ادارہ "نیٹ سول انویسٹمنٹ پرائیویٹ لمیٹڈ" کے مجموعی مالیاتی گوشوارے شامل کر دیئے ہیں۔ یہ مالیاتی ادارہ USA اور UK کے کسٹمرز کو BPO کاروبار کے حوالے سے Outsourcing Support فراہم کرتا ہے۔ 30 جون 2017ء کے اختتامی سال کے لئے نقد مجموعی محصولات مالی سال 2016ء کے 4.074 ملین روپے کے مقابلے میں 4.519 ملین روپے تھی۔ مجموعی خام منافع گذشتہ سال اسی عرصے میں 1.365 ملین روپے سے بڑھ کر 1.454 ملین روپے موجودہ مالی سال رہا۔ کمپنی نے گذشتہ سال اسی مدت کے دوران 130 ملین روپے کے مقابلے میں 196 ملین روپے کا نقد مجموعی منافع درج کیا۔ مجموعی بنیادی اور تحلیل شدہ (Diluted) آمدنیاں 2.20 روپے اور 2.18 روپے فی حصص موجودہ سال رہی اس کے مقابلے میں گذشتہ سال مجموعی بنیادی اور تحلیل (Diluted) آمدنیاں بالترتیب 1.46 اور 1.44 روپے فی حصص تھا۔

(Dividend) ڈیویڈنڈ

22 ستمبر 2017ء کو منعقد ہونے والے اجلاس میں بورڈ آف ڈائریکٹرز نے 30 جون 2017ء کو ختم ہونے والے مالی سال کے لیے 14.5 فیصد نقد منافع کی سفارش کی ہے۔

(Future Outlook) مستقبل کا نقطہ نظر

کمپنی کی مرکزی توجہ next generation کے علم بردار پلیٹ فارم NFS Ascent پر ہے۔ ایشیا پیسفک خطے میں آسٹریلیا، چین اور انڈونیشیا میں قابل ذکر صلاحیتوں اور قابل اعتماد لیڈز کے ساتھ سسٹم (System) اچھی طرح سے جاری ہے۔ ایک اہم جرمن کار مینوفیکچر کمپنی NFS Ascent پلیٹ فارم کو مختلف ممالک میں خاص طور پر ایشیا پیسفک خطے میں اپنے آپریشن کے لیے لاگو کرنے میں دلچسپی رکھتی ہے۔ یہ ممکنہ طور پر جلد ہو سکتا ہے۔ اس کے علاوہ ہمیں next generation کے سسٹم کے لیے امریکہ اور یورپ میں بہت بہترین ردعمل موصول ہوا ہے۔ چنانچہ اسی صورتحال کو مدنظر رکھتے ہوئے ہم نے وہاں سیل اور مارکیٹنگ کی سرگرمیوں کی منصوبہ بندی کی ہے۔

ہمارے پاس NetSol Financial Suit- lagacy کے لیے سیلز پائپ لائن میں کچھ leads بھی موجود ہیں۔ جن کی کمپنی کی جانب سے فعال طور پر پیروی کی جا رہی ہے۔ کمپنیوں کی ایک بڑی تعداد ایشیا پیسفک خطے بالخصوص چین کم لاگت والی لیزنگ اور مالی حل میں دلچسپی رکھتا ہے اور ہمارا lagacy سسٹم بہترین انداز میں ان کی ضروریات کو پورا کرتا ہے۔

مختلف لیزنگ مارکیٹوں میں اس کی رسائی کو بڑھانے کے لیے نیٹ سول صنعتی تقاریب کو اسپانسر کرنے اور ان میں اپنی شرکت کو جاری رکھے گا جس کا نتیجہ ممکنہ طور پر قابل اعتماد leads اور ہماری رسائی کی شکل میں ظاہر ہوگا۔ نیٹ سول 2018ء میں جکارتہ میں منعقد ہونے والے بڑے لیزنگ سربراہی اجلاس کا حصہ بننے کے لیے پہلے ہی دستخط کر چکا ہے۔

اس ایونٹ کے علاوہ نئے کاروبار کے مواقع اور نیٹ ورک کی تلاش کے لیے نیٹ سول نے موجودہ سال میں یورپ میں ایک بڑی لیزنگ کانفرنس میں شرکت کی منصوبہ بندی کر رکھی ہے علاوہ بریں ہم چین میں منعقد ہونے والی چند صنعتی تقاریب کو اسپانسر اور اس میں شرکت بھی کریں گے، چین ہمارے leasing solutions کے لیے اب تک سب سے بڑی مارکیٹ ہے۔

(Awards & Recognition) ایوارڈز اور اعتراف

نیٹ سول کو 2017ء کے سالانہ China Leasing Summit میں "First Rate and Best Selling Finance & Leasing Solution Pravider" کے ایوارڈ سے نوازا گیا، نیٹ سول مسلسل پانچ سال سے یہ ایوارڈ حاصل کر رہا ہے۔ یہ اعتراف چین میں فنانس اور لیزنگ کمپنیوں کو سب سے زیادہ شاندار سافٹ ویئر حل فراہم کرنے کے لیے ہے۔ جس سے نیٹ سول کو صنعتی لیڈر کے طور پر مزید پذیرائی اور استحکام ملا ہے۔ کمپنی کو دسمبر 2016ء میں منعقدہ ایک تقریب میں پاکستان سافٹ ویئر ایکسپورٹ بورڈ کی جانب سے "Top IT Exporter of 2016" کے اعزاز سے بھی نوازا گیا۔ نیٹ سول کو "P@SHA ICT Award 2016" کی "Best in Export Grewth" کیٹگری میں ایوارڈ عطا کی گیا۔

(Coporate Social Responsibility) کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری (CSR) ادارے کے وہ اقدامات ہیں جن کے ذریعے ماحولیاتی اور سماجی خوشحالی پر کمپنی کے اثرات اور ذمہ داری کا جائزہ لیا جاتا ہے۔ اصطلاح عام طور پر ان کوششوں پر لاگو ہوتی ہے جو ریگولیٹر یا ماحولیاتی تحفظ کے اداروں کو مطلوب ہو سکتی ہیں۔ CSR کا بھی کارپوریٹ شہریت کے طور پر حوالہ دیا جا سکتا ہے اور اسے مختصر مدت کے اخراجات بڑھانے میں شامل کیا جا سکتا ہے جو کمپنی کو فوری طور پر مالی فائدہ فراہم نہیں کرتی۔ بلکہ اس کے ذریعے مثبت سماجی اور ماحولیاتی تبدیلی کا فروغ مقصود ہوتا ہے۔

اقتصادی، ماحولیاتی اور سماجی ترقی کی تکمیل اور فروغ کے لیے نیٹ سول آسمجھ نسلوں کی خاطر پوری ذمہ داری سے اپنا کردار ادا کرتا ہے۔ کمپنی صحت کی سہولیات کی دیکھ بھال اور اس کے بنیادی ڈھانچے کو بہتر بنانے، بنیادی تعلیم کی حمایت و فروغ، لاچار و مسکین خواتین اور بچوں کی کفالت اور پاکستانی آرٹ اور ثقافت کی حفاظت اور فروغ کے لیے مختلف فاؤنڈیشن اور ٹرسٹ کے ساتھ مل کر کام کرتا ہے۔

ایک ذمہ دار کارپوریٹ شہری کے طور پر نیٹ سول نے اس سال کے دوران کمیونٹی کی فلاح و بہبود کے لیے مختلف منصوبوں کا آغاز کیا، جن میں کچھ درج ذیل ہیں:

7. کارپوریٹ خدمت خلق (Corporate Philanthropy)

7.1 نیشنل ایجوکیشنل پارٹنرشپ پروگرام (NESP)

NESP بنیادی طور پر گریڈ 8 تک اہل ملازمین کے بچوں کی تعلیمی معاونت کے لئے بنایا گیا ہے۔ یہ تمام مستقل ملازمین کا احاطہ کرتا ہے جو نیٹ سول کے "ایمرجنسی سپورٹ فنکشن" اور اس کے ذیلی اداروں میں کام کرتے ہیں۔ اس پروگرام کے تحت ملازمین اپنے بچوں کو تعلیم دینے اور انھیں بہتر مستقبل فراہم کرنے میں مدد کر رہے ہیں۔

فی الحال اس سے 307 بچے مستفید ہو رہے ہیں۔ یہ طلبا انگریزی اور اردو میڈیم دونوں انسٹیٹیوٹ سے تعلق رکھتے ہیں۔ یہ پروگرام پاکستان بھر میں طالب علموں کی مدد کر رہا ہے۔ اس میں کراچی سے خیبر پختونخواہ تک بشمول فاٹا کے علاقے، گلگت بلتستان چترال اور آزاد کشمیر شامل ہیں۔ اس پروگرام کے تحت 125 ملازمین اور 159 اسکول مستفید ہو رہے ہیں۔

اس کے علاوہ کمپنی مندرجہ ذیل طریقوں سے مختلف عملیات اور امداد کے ذریعے تعاون کرتی ہے۔

۱۔ First Step Foundation (Transgender) کمیونٹی کے لیے مالی تعاون۔

۲۔ شوکت خانم میموریل کینسر ہسپتال اور ریسرچ سنٹر کے لیے زکوٰۃ اور عملیات کے ذریعے تعاون۔

۳۔ فاطمید اور سندس فاؤنڈیشن کے لیے خون کے عملیات کی فراہمی۔

۴۔ شوکت خانم کینسر ہسپتال میں ہر سال کی عمر کے کینسر کے مریضوں کی مالی امداد۔

۵۔ The Citizens Foundation (TCF) برائے سماجی ترقی۔

قدرتی آفات میں ہنگامی امداد

قدرتی آفات اور مصائب کے دوران کمپنی امدادی سرگرمیوں میں بڑھ چڑھ کر حصہ لیتی ہے۔ ہم نہ صرف متاثرین کی مالی امداد کرتے ہیں بلکہ متاثرہ علاقوں میں متاثرین بھی ارسال کرتے ہیں۔ یہ ٹیمیں نہ صرف متاثرہ افراد اور علاقوں کو مدد فراہم کرتے ہیں بلکہ سہولیات کو بھی یقینی بناتی ہیں تاکہ امداد کا درست استعمال ہو اور ان متاثرہ افراد اور علاقوں تک یہ امداد پہنچائی جا سکے۔ جہاں ان کی ضرورت سب سے زیادہ ہو۔

روزگار کے مواقع کی فراہمی

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

توانائی کی بچت (Energy Conservation)

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

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

ماحولیاتی تحفظ کے لیے کیے گئے اقدامات (Environmental Protection Measure)

ہم یہ دیکھتے ہیں کہ معیشت، ماحولیاتی تحفظ اور سماجی ذمہ داری ایک آزاد لبرل عالمی مارکیٹ میں یہ تین اہم عوامل برابر وزن رکھتے ہیں۔ ہم بطور کمپنی اور ٹیکنالوجی انجینئرنگ کے شعبوں میں علم کی منتقلی کے ذریعے پائیدار ترقی کے حصول کے لیے علم کے فروغ کی حمایت کرتے ہیں۔

ایک کارپوریٹ شہری ہونے کے ناطے ہم اپنی سماجی اور ماحولیاتی ذمہ داریوں سے باخوبی آگاہ ہیں۔ ہم اپنے امور کی ادائیگی اس سلیقے سے کرتے ہیں کہ جس سے آنے والی نسلوں کے لیے ماحولیاتی تحفظ کو یقینی بنایا جا سکے اور ہمارے کسی عمل سے ماحول کو کوئی نقصان نہ پہنچے۔ ہم اپنے تمام شراکت داروں کی صحت اور حفاظت کو یقینی بناتے ہیں اور کمیونٹی میں اپنا مثبت کردار ادا کرتے ہیں۔

ہمارے تمام ملازمین، شراکت دار، کنٹریکٹرز اور سپلائرز آنے والی نسلوں کے لیے عالمی ماحولیاتی نظام کے تحفظ کی جدوجہد میں اپنا بھرپور اور مخلصانہ کردار ادا کرنے کے لیے پرعزم ہیں۔ ہم اپنے تمام اسٹیک ہولڈرز کے ساتھ مل کر ماحولیاتی اثرات کو کم کرنے کے لیے کام کر رہے ہیں اور ایسی مصنوعات اور حل فراہم کر رہے ہیں جس سے اس ضمن میں مدد ملے گی۔ ہماری یہ کوششیں ہمارے اسٹیک ہولڈرز کی توقعات کو پورا کرتی ہیں اور اس بہترین کاروباری تعلقات اور شہرت کو فروغ ملتا ہے جو کہ اکثر آپریٹنگ اخراجات اور کاروباری خدشات کو کم کرتی ہیں۔

ماحولیاتی اثرات کو کم کرنے کے لیے ہمارا عزم ہماری قدر میں اضافہ کرتا ہے۔ ہمارا مقصد یہ ہے کہ ہم ایسا انتظامی ڈھانچہ تیار کریں جو ہماری مسلسل اور پائیدار ترقی کا ضامن ہو۔ اپنی اس سماجی ذمہ داری سے آگاہی اور احسن طریقے سے عہدہ برآ ہونے کے لیے ہم نے نیٹسول آئی ٹی ولیج (NETSOL IT Village) کے احاطے میں درخت لگاؤ مہم کا آغاز کر دیا ہے۔ اس سے اردگرد کے ماحول کو بہتر خوشگوار اور سرسبز و شاداب بنانے میں بہت مدد ملے گی۔

صارفین کے تحفظ کے لیے اقدامات (Consumer Protection Measures)

ہم اعلیٰ تعلیم یافتہ اور پیشہ وارانہ مہارت رکھنے والے اسٹاف کے ساتھ مل کر بہترین اور معیاری سافٹ ویئر تیار کرتے ہوئے ISO9001 , IEC 2000, CMMI Level 5 اور ISO27001 معیار کو برقرار رکھتے ہیں۔ ہماری کوالٹی انجینئرنگ انتظامیہ معیار کی جانچ

پڑتال کے لیے قوانین اور قواعد وضوابط کے نفاذ کے لیے ہمیشہ سرگرم عمل اور فکر مند رہتی ہے۔

(Relationship With Employees) ملازمین کے ساتھ تعلقات

(Gamification) گیمی فکیشن

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

(In-house Doctor) ڈاکٹر کی سہولت

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

(Fire and Safety Staff) فائر اینڈ سیفٹی سٹاف

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

(Ummah Graves) عمرہ قرعہ اندازی

ہر سال قرعہ اندازی کے ذریعے اپنے ملازمین کو عمرہ کی ادائیگی کا اعزاز دیتا ہے۔ 2017ء میں کمپیوٹرائزڈ قرعہ اندازی کے ذریعے کمپنی کے چار ملازمین مع ایک فیملی ممبر عمرہ کی ادائیگی کے لیے کمپنی کے خرچہ پر بھیجے گئے۔

(Free Lunch and Gymnasium) مفت کھانا اور جمنازیم

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

(Health talks, trainings and similar initiatives) صحت آگاہی لیکچرز، تربیت اور دیگر اقدامات

ٹیٹ سول ملازمین میں صحت سے متعلق آگاہی کے لیے باقاعدہ مذاکرات کا انعقاد کرتا ہے۔ ملازمین میں ان سنگین بیماریوں کی علامات کے حوالے سے آگاہی فراہم کی جاتی ہے جو دفاتر میں طویل وقت تک کام کرنے سے لاحق ہوتی ہیں۔ ایک شعوری کوشش کے طور پر تربیت بھی فراہم کی جاتی ہے جیسے Breathing Sessions وغیرہ، یہ ملازمین کو Relax رکھنے میں بہت مددگار ثابت ہوتا ہے۔ سابق PCB Trainer یاسر محمود خواتین میں صحت اور Fitness کی اہمیت کو اُجاگر کرنے کے لیے تربیتی پروگرامز کا انعقاد کرتے رہتے ہیں۔ یہ جامع تربیتی پروگرامز اس لیے ترتیب دیے جاتے ہیں تا کہ کام کرنے والی خواتین (Working Women) میں نشہ کے استعمال اور صحت سے متعلق آگاہی پیدا کی جائے۔ ان میں سے ایک سیشن (Session) تپ دق (Tuberculosis) کی روک تھام کے لیے تھا۔

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

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

(Bikes for Male Employees) مرد ملازمین کے لیے موٹر سائیکل کی فراہمی

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

(Celebrating Success Together) آیئے مل کر منائیں کامیابی

کمپنی اپنی خصوصی کامیابیوں کا جشن منانے کے لیے باقاعدہ ایک بڑے اجلاس کا انعقاد کرتی ہے۔ اس کے علاوہ دیگر تقاریب کا انعقاد بھی کیا جاتا ہے تا کہ ملازمین کامیابی کا جشن منانے کے ساتھ ساتھ تفریح کے مواقع بھی میسر آسکیں۔

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

ٹیٹ سول تسلسل سے ایسی سرگرمیوں کا انعقاد کرتا ہے جس سے اس امر کو یقینی بنایا جائے کہ تمام ملازمین ضابطہ اخلاق کے اندر رہ کر کام کریں۔

اس ضابطہ اخلاق (Code of conduct) پر ملازمین کے دستخط ضروری ہیں۔ ادارے میں اس ضابطہ اخلاق پر سختی سے عمل درآمد کیا جاتا ہے۔ کمپنی میں کرپشن ناقابل برداشت فعل ہے۔ اس حوالے سے ملازمین کی حوصلہ افزائی کی جاتی ہے کہ اگر وہ کمپنی کے معاملات میں کوئی فراڈ یا کرپشن یا کمپنی کے اندر کوئی اور غیر اخلاقی حرکت کا مشاہدہ کریں تو فی الفور بلا واسطہ یا بالواسطہ آڈٹ کمیٹی سے رابطہ کریں۔ اس مقصد کے لیے کمپنی کے اندر نمایاں مقامات پر شکایات بکس (Doop Boxes) بھی نصب کیے گئے ہیں۔

(Occupational safety Health) پیشہ ورانہ تحفظ اور صحت

ہم اپنے ملازمین اور دیگر اسٹاک ہولڈرز خوشگوار، محفوظ اور صحت مند ماحول میں کام کی جگہ کی فراہمی اپنی ذمہ داری سمجھتے ہیں۔ ٹیٹ سول محفوظ ماحول میں کام کرنے کی فراہمی پر زیادہ اہمیت دیتا ہے۔ صحت وحفاظت کے موثر اقدامات ملازمین کو جانی ومالی نقصانات سے محفوظ رکھتے ہیں اور اس بات کو بھی یقینی بناتے ہیں کہ کاروبار قانونی اور ریگولیٹری معیار اور تقاضوں کے مطابق

ہو۔ نیٹ سول کے اس مشن کے پیش نظر کہ زندگی کی حسن اور کشش میں اضافہ ہو، ہم صحت و سلامتی اور خوشگوار ماحول کے تحفظ کو اپنے کاروباری ایجنڈے کا بنیادی اور ترجیحی مقصد سمجھتے ہیں۔ ہم مسلسل اپنے انتظامی امور کے معیار کو بہتر بنانے کے لیے کوشاں رہتے ہیں اور نا صرف کام کی جگہ (work place) اور اوقات کے دوران بلکہ مابعد بھی ہر وقت اپنے ملازمین کے تحفظ کے لیے فکر مند رہتے ہیں اور اس سے متعلق ان کو آگاہی اور شعور فراہم کرتے ہیں۔ نیٹ سول مستقل اپنی توجہ صحت و سلامتی کے معیار پر مرکوز رکھے ہوئے ہے اور یہی وجہ ہے کہ نیٹ سول کی کسی بھی سائٹ پر کوئی حادثہ رونما نہیں ہوا۔ یہ ہمارے عزم کی بھرپور اور حقیقی عکاسی ہے۔ ہم اس بات کو یقینی بناتے ہیں کہ ہمارے ملازمین ایک بہترین، خوشگوار اور محفوظ ماحول میں کام کریں۔

ہم قدرتی آفات سے بچاؤ، روک تھام اور بحالی کی منصوبہ بندی بھی کرتے ہیں اور وقتے وقتے سے ڈرلنگ سے بچاؤ کی احتیاطی تدابیر سمیت مکمل انخلا، فائر فائٹنگ، دل کے دورے سے بچاؤ کی احتیاطی تدابیر اور فرسٹ ایڈ کے طریقوں اور دیگر آگاہی مہموں کے لیے مختلف مشقوں کا انعقاد کرتے ہیں۔

آگاہی و ترغیب (Awareness & Motivation)

کمپنی اپنے ملازمین کی تعلیم و ترقی پر انتہائی توجہ مرکوز کرتی ہے جس کے لیے وہ مسلسل اُن کی شعوری ترقی کو فروغ دیتی ہے اور ان کی حوصلہ افزائی کرتی ہے۔ اس سال کے دوران کمپنی نے اپنے ملازمین کے لیے مختلف آگاہی سیشن کا آغاز کیا ہے۔ ان میں:

1۔ Pink Ribbon چھاتی کے کینسر کی آگاہی مہم۔
2۔ خواتین کا عالمی دن
3۔ دل کا عالمی دن (تمام ملازمین کے لیے ناشتے کا اہتمام)
4۔ تغذائیت سے متعلق ورکشاپ کا انعقاد

حوصلہ افزائی ایک مسلسل عمل ہے کمپنی مختلف اقدامات کے ذریعے اپنے ملازمین کی مستقل حوصلہ افزائی کرتی ہے۔ ان میں سے کچھ مسائل یہ تھے۔

1۔ سابق Olympion سائیکل سوار محمد عاشق کے ساتھ "میں نہ مانوں ہار" سیشن۔
2۔ Moms back to work کام کرنے والی ماؤں کو دوبارہ اپنے کاموں کی طرف لوٹانے کی ایک سرگرمی۔

نسپائر (Nspire)

Nspire نے 2015ء میں اپنی سرگرمیوں کا آغاز کیا، یہ ایک صنعت کار کی جانب سے شروع ہونے والا پہلا کاروباری انکیوبیٹر (Business Incubator) تھا۔ آج یہ بیک وقت مختلف نظریات پر کام کرتے ہوئے 3rd cohort of startups نشوونما کر رہا ہے۔ 2nd cohort of startups کی پاسنگ آؤٹ (Demo Day) اس سال مئی میں ہوئی اور اس کے لیے بیرونی ججوں اور سرمایہ کاروں کا پینل تشکیل دیا گیا تھا۔ کمیونٹی سے جڑے تعلق کو استوار رکھنے کے لیے نسپائر (Nspire) اپنی شراکت دار ایک یونیورسٹی کے طلباء کو پلیٹ فارم مہیا کرتا تا کہ جہاں وہ اپنے نظریات (ideas) اور مصنوعات کی نمائش کر سکیں۔ دوسرے کوہوٹ (2nd Cohort) کی کامیابی کی کچھ داستانیں شامل ہیں جن میں ایک ملین روپے سے فنڈ کا آغاز، ایک سرمایہ کار کی جانب سے شراکت داری کے لیے کسی کا انتخاب اور دوسرا "Startup Istonbol" اپنے آخری مراحل میں ہے۔

کمیونٹی سے تعلق استوار رکھتے ہوئے Nspire نے کئی سنگ میل طے کیے ہیں جس میں دفتر خوان (Dafterkhawan) کے ساتھ شراکت داری، مائیکروسافٹ الویشن سنٹر کے اسپارک اکاڈمس اور Azure Training سے شراکت داری اور ایک ایک ہفتے پر مشتمل دو ورکشاپس کا انعقاد شامل ہیں۔ ایک اور منفرد تقریب میں نسپائر نے ایک کرکٹ ٹورنامنٹ منعقد کر کے کاروباری ماحولیاتی نظام کو سراہا جس میں پنجاب کے تمام انکیوبیٹرز نے شرکت کی۔ Nspire کی ترقی کا سفر جاری و ساری ہے اور وہ پاکستان کی کاروباری سرگرمیوں کے ساتھ تعلق برقرار رکھنے اور دیگر اسٹیک ہولڈرز کی شمولیت کو فروغ دینے کے لیے پرعزم ہے۔

انٹرنیشنل کونسل برائے سائبر ایجوکیشن (ICAN)

نیٹ سول نے ایک بہترین Learning Management system کا انعقاد کر رکھا ہے۔ جون 2017ء میں اسے مزید اپ گریڈ کیا گیا تا کہ اس بات کو یقینی بنایا جائے کہ کمپنی جدید ترین پلیٹ فارم کا استعمال کر رہی ہے۔ تین ٹریننگ رومز ایک ریکارڈنگ اسٹوڈیو اور ضروری تربیتی اجلاس قائم کیے گئے ہیں۔ ہر نیا ملازم خاص طور پر ترتیب دیے گئے پروگرام سے گزرتا ہے۔ جو کہ کاروباری اخلاقیات، مخصوص دائرہ علم، ترقیاتی طریقہ کار اور سافٹ ویئر پروگرامنگ پر مشتمل ہے۔

ICAN کے سہولت کاروں (Facilitators) نے تقریباً 250 مختلف سیشن میں 1000 سے زائد گھنٹوں کی تربیت فراہم کی ہے اور 40 سے زیادہ موضوعات کا احاطہ کیا ہے۔ ان میں بہت سے مخصوص موضوعات تھے۔ مثلاً جس میں مختلف ٹیکنالوجیز میں سافٹ ویئر پروگرامنگ، بزنس کمیونیکیشن کی صلاحیت (Presentation skills) اور ذاتی اثرات (Personal effectives) جیسے موضوعات شامل تھے۔ ان 250 سیشنز میں 500 سے زائد شرکاء نے کم از کم ایک بار یا اس سے زیادہ شرکت کی۔ اس کے علاوہ ICAN نے مختلف شعبوں میں 150 سے زائد افراد کو بیرونی تربیت، سرٹیفکیشن اور امتحانات کی سہولت فراہم کی۔

ICAN نے دنیا کے بہترین تعلیمی و تربیتی اداروں کے ساتھ آن لائن انتظامات کے ذریعے عالمی علمی پول (Global Knowledge pool) تک رسائی حاصل کی ہے۔ گزشتہ سال NETSOL نے ACCA سے منظور شدہ آجر کی حیثیت سے حاصل کی۔ ACCA کے ساتھ تعلق نے ہمارے کاروباری تجزیہ کاروں، اکاؤنٹس اور مالیات کے ماہرین کے علم اور نیٹ ورک کو بہتر بنا دیا ہے۔

NETSOL اپنے ملازمین کو ضروری اسپانسر شپ بھی فراہم کرتا ہے۔ تا کہ وہ اپنے علم و شعور کی ترقی کے لیے عالمی سطح کی ٹریننگ اور سرٹیفکیٹ (PMP, MCP, ACP, CCE, CNA) وغیرہ حاصل کر سکیں۔

قومی خزانے میں حصہ (Contribution to National Exchequer)

کمپنی نے ہمیشہ بروقت اور بلا تاخیر تمام حکومتی ٹیکس ادا کر کے اپنی ذمہ داری کا مظاہرہ کیا ہے، 30 جون 2017ء کو ختم ہونے والے مالی سال میں کمپنی نے جنرل سیلز ٹیکس (GST)، انکم ٹیکس اور دیگر سرکاری لیویز ادا کر کے قومی خزانے میں اپنا نیاز مندانہ حصہ ڈالا ہے۔

تفصیل (Description)	روپے (000)
انکم ٹیکس	53,180

سیلز ٹیکس	5,449
ودہولڈنگ ٹیکس	173,735

کارپوریٹ گورننس کے ضابطہ کی تعمیل

(Compliance with Code of Corporate Governance)

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

(Corporate & Financial Reporting Framework)

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے (Financial Statements) کے مطابق کمپنی کے تمام معاملات، رقم کا بہاؤ (Cash Flow) اور ایکوئٹی میں تبدیلی بالکل درست ہیں۔
- کمپنی کی اکاؤنٹس بکس کو اچھے طریقے سے تیار کیا گیا ہے۔
- موزوں ترین اکاؤنٹنگ پالیسیاں مستقل طور پر مالیاتی گوشوارے کی تیاری میں لاگو کی جاتی ہیں اور اکاؤنٹنگ کے تخمینہ جات مناسب اور درست فیصلے پر منحصر ہوتے ہیں۔
- بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں نافذ العمل ہیں، کو مالیاتی گوشواروں کی تیاری کے لیے لاگو کیا جاتا ہے۔
- اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور موثر طریقے سے اس پر عمل درآمد اور نگرانی کی جاری ہے۔
- کمپنی کی صلاحیت کے بارے میں اس حوالے سے کوئی شبہ نہیں کہ یہ چلتا ہوا کاروباری ادارہ ہے۔
- کارپوریٹ گورننس کے بہترین طریقہ کار، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے، کی کوئی خلاف ورزی نہیں کی گئی ہے۔
- گزشتہ 6 سال کی کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصہ کی شکل میں منسلک کر دیا گیا ہے۔
- 30 جون 2017ء تک ٹیکسز، ڈیوٹیز، لیویز اور بقایا جات کی مد میں کوئی قانونی ادائیگیاں موجود نہیں ہیں ماسوائے وہ جو مالیاتی گوشوارے (Financial Statements) میں ظاہر کر دی گئی ہیں۔
- پراویڈنٹ فنڈز انویسٹمنٹ کی مالیت 30 جون 2017ء تک 498.78 ملین روپے تھی۔ (30 جون 2016ء: 392.26 ملین روپے)
- کسی مادی یا دیگر تبدیلی سے کمپنی کی مالی پوزیشن متاثر نہیں ہوئی ہے جو کہ مالی سال کے آخر میں رُونما ہوئیں جو کہ بیلنس شیٹ سے متعلق اور ڈائریکٹرز رپورٹ کی تاریخ سے ہے۔

آڈٹ کمیٹی (Audit Committee)

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

ڈائریکٹر کا نام	عہدہ جات
جناب وسیم انور	چیئرمین / انڈیپنڈنٹ ڈائریکٹر
جناب انوار حسین	ممبر / انڈیپنڈنٹ ڈائریکٹر
جناب نجیب اللہ خوری	ممبر / نان ایگزیکٹو ڈائریکٹر

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

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

(Human Reesource and Remuneration Committee)

کوڈ آف کارپوریٹ گورننس کے ساتھ عمل میں آنے والے بورڈ آف ڈائریکٹرز نے مندرجہ ذیل تین ارکان پر مشتمل ایک ہیومن ریسورس اینڈ ریمونریشن کمیٹی قائم کی ہے۔ جو کہ اہم انتظامی عہدوں کے انتخاب، تشخیص اور معاوضے کے حوالے سے اپنی سفارشات دیتی ہے۔

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

بورڈ کے اجلاس میں حاضری (Attendance at Board Meeting)

مالی سال 2017ء کے دوران بورڈ کی ساخت میں کوئی تبدیلی نہیں ہوئی، رواں 30 جون 2017ء کو ختم ہونے والے سال کے دوران بورڈ کے 04 اجلاس ہوئے۔ شرکاء کی حاضری درج ذیل ہیں:

ڈائریکٹر کا نام	عہدہ جات	اجلاس کی تعداد
جناب شہاب الدین خوری	چیئرمین / نان ایگزیکٹو ڈائریکٹر	04
جناب سلیم اللہ خوری	چیف ایگزیکٹو / ایگزیکٹو ڈائریکٹر	04
جناب وسیم انور	انڈیپنڈنٹ ڈائریکٹر	04
جناب نجیب اللہ خوری	نان ایگزیکٹو ڈائریکٹر	03
جناب شاہد جاوید برکی	انڈیپنڈنٹ ڈائریکٹر	02
جناب عمر خوری	ایگزیکٹو ڈائریکٹر	04
جناب انوار حسین	انڈیپنڈنٹ ڈائریکٹر	01

ان ممبرز کو رخصت عنایت کی گئی جو اجلاسوں میں شرکت نہ کر سکے۔

آڈٹ کمیٹی کی میٹنگ میں حاضری

(Attendance at Audit Committee Meeting)

رواں 30 جون 2016ء کو ختم ہونے والے سال کے دوران آڈٹ کمیٹی کے 04 اجلاس ہوئے۔ شرکاء کی حاضری درج ذیل ہیں:

ممبر کا نام	عہدہ جات	اجلاس کی تعداد
جناب وسیم انور	چیئرمین / انڈیپنڈنٹ ڈائریکٹر	04

جناب انوار حسین	ممبر/انڈیپنڈنٹ ڈائریکٹر	01
جناب نجیب اللہ خٹک	ممبر/نان ایگزیکٹو ڈائریکٹر	04

ان ممبرز کو رخصت عنایت کی گئی جو اجلاسوں میں شرکت نہ کر سکے۔

ڈائریکٹرز کی تربیتی پروگرام (Director's Training Programs)

کمپنی "ڈائریکٹر ٹریننگ پروگرام" کے حوالے سے مکمل طور پر پابند ہے۔ تمام بورڈ کے ارکان نے یا تو "سرٹیفکیٹ آف ڈائریکٹر ایجوکیشن" حاصل کر رکھا ہے یا وہ پاکستان اسٹاک ایکسچینج (Pakistan Stock Exchange) کی ریگولیشنز 5.19.7 میں بیان کردہ معیار کے مطابق مستثنیٰ ہیں۔

ملازمین کے آپشن کی اسکیم (Employee Stock Option Scheme)

یکم اگست 2009ء کو Compensation Committee نے 4.35 ملین اسٹاک آپشن اپنے ملازمین کو 16.42 روپے فی گرانٹ آپشن کے حساب سے عطا کیے۔ آپشنز (options) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے منظور شدہ ایمپلائز اسٹاک آپشن اسکیم کے تحت دیے گئے۔ مالی سال 2017ء کے آخر تک گرانٹ آف آپشنز کے بعد سے 100 فیصد گراہڈ آپشن قابلِ عمل بن چکے تھے۔

ایمپلائز اسٹاک آپشن رولز 2001ء کی دفعہ 12 کی ضروریات کے مطابق 30 جون 2017ء کو ختم ہونے والے مالی سال کے دوران آپشنز گرانٹڈ سے متعلق exercised/vested کے حوالے سے درج ذیل انکشافات دیے گئے:

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

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

iii۔ 100 فیصد گراہڈ آپشنز 30 جون 2017ء کو ختم ہونے والے مالی سال کے آخر تک vested تھی۔

iv۔ 30 جون 2017ء تک ملازمین نے 3,743,500 آپشنز استعمال کیے اور کمپنی کو اس سے 61.47 ملین روپے موصول ہوئے تھے۔

v۔ ملازمین کی جانب سے آپشنز کے استعمال کی وجہ سے 30 جون 2017ء کو ختم ہونے والے مالی سال کے دوران 481,500 نئے حصص جاری کیے گئے۔ 30 جون 2017ء تک ملازمین کی اسٹاک آپشن سکیم کی مد میں جاری کل حصص 3,743,500 ہیں۔

vi۔ 392,000 آپشنز (Options) lapse ہوئے۔

vii۔ درج ذیل آپشنز کمپنی کے سینئر انتظامی کیڈر ملازمین کو دیے گئے:

عہدہ	گراہڈ آپشنز کی تعداد
چیف ایگزیکٹو آفیسر	250,000
چیف آپریٹنگ آفیسر	100,000
چیف فنانشل آفیسر	100,000

viii۔ اوپر ظاہر کردہ اعداد و شمار کے علاوہ کسی ملازم کو ایک سال کے دوران پانچ فیصد یا زیادہ کمپنی کی جاری کردہ سرمایہ کے ایک فیصد یا اس سے زیادہ آپشنز نہیں دیے گئے۔

ix۔ بذریعہ سرکلر نمبر 10 جون 2016ء سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے ملازمین اسٹاک آپشن اسکیم 2009ء میں کچھ ترامیم کی منظوری دی۔ اسی ترامیم 27 اکتوبر 2015ء کو ایک خصوصی قرارداد کے ذریعے کمپنی کے حصص داران کی جانب سے بھی منظوری دی گئی۔ بڑی ترامیم ذیل میں بیان کی گئی ہیں:

الف۔ 2016ء سے آپشنز Vesting کی فراہمی کی مدت سات سال کی بجائے تین سال ہوگی۔

ب۔ 2016ء میں کمپنی کی منظور کردہ اختیارات آپشنز (Options) کو مندرجہ ذیل طریقے سے استعمال کیا جا سکتا ہے۔

☆ ملازم کو دیے جانے والے آپشنز (Options) میں سے 50 فیصد دورانِ مدت کسی بھی وقت استعمال کر سکتا ہے۔ لیکن منظوری کے ایک سال بعد۔

☆ ملازم کو دیے جانے آپشنز میں 80 فیصد (مندرجہ بالا شمول 50 فیصد) دورانِ مدت کسی بھی وقت استعمال کر سکتا ہے۔ لیکن منظوری کے دو سال مکمل ہونے کے بعد۔

☆ ملازم کو دیے جانے والے آپشنز میں 100 فیصد تک (مندرجہ بالا شمول 80 فیصد) دورانِ مدت کسی بھی وقت استعمال کیے جا سکتے ہیں لیکن منظوری کے تین سال مکمل ہونے کے بعد۔

ہولڈنگ کمپنی (Holding Company)

نیٹ سول ٹیکنالوجیز انکارپوریشن 24025 پارک سورنتو، سویٹ 410، کیلاباس کیلیفورنیا 91302، امریکہ، کو کمپنی کے حصص کی اکثریت حاصل ہے۔

آڈیٹرز (Auditors)

موجودہ ایکسٹرنل آڈیٹرز میسرز اے۔ ایف۔ فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ سبکدوش ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

ایکسٹرنل آڈیٹرز نے تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) نے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش رینگ (Rating) دی ہے۔ انھوں نے مزید کہا ہے کہ ان کی فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) ICAP کی جانب سے منظور شدہ ضابطہ اخلاق پر مشتمل گائیڈ لائنز کی مکمل پاسداری کی ہے جو کہ (ICAP) کی جانب سے رائج کی گئی تھیں۔ ایکسٹرنل آڈیٹرز کو دیگر خدمات فراہم کرنے پر مامور نہیں کیا گیا ہے، علاوہ اس کے جو لسٹنگ ضوابط (Listing Regulations) کے مطابق ہیں۔

بورڈ 30 جون 2018ء کو ختم ہونے والے سال کے لیے ان کی دوبارہ تقرری کی سفارش کرتا ہے۔ جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا گیا ہے۔

کلیدی آپریٹنگ اور مالیاتی اعداد و شمار (Key Operating and Financial Data)

کلیدی آپریٹنگ اور گزشتہ چھ سال کے مالی اعداد و شمار بھی سالانہ رپورٹ کے ساتھ لگا دیے گئے ہیں۔

شیئر ہولڈنگ کے نمونہ جات (Pattern of Shareholding)

کمپنیز ایکٹ 2017ء کی دفعہ 227 کے تحت حصص داران کے حصص کا نمونہ جات کو ڈ آف کارپوریٹ گورننس کی معلومات بمطابق 30 جون 2017ء تک لگا دیے گئے ہیں۔

اعتراف (Acknowledgement)

بورڈ آف ڈائریکٹرز کمپنی کے حصص داران، قابل قدر صارفین، سرکاری اداروں اور مالیاتی اداروں کی طرف سے حمایت کے لیے ان کی تعریف کرتا ہے اور خراج تحسین پیش کرتا ہے۔ بورڈ کمپنی کے تمام ملازمین کا ان کی خدمات، وفاداری اور ان کی مسلسل کوششوں کی قدر کرتا ہے اور انھیں بھی خراج تحسین پیش کرتا ہے اور اُمید کرتا ہے کہ مستقبل میں بھی ان کی مخلصانہ کوششیں جاری وساری رہیں گی۔

ازطرف بورڈ آف ڈائریکٹرز:۔

سلیم اللہ غوری
(چیف ایگزیکٹو آفیسر)

عمر غوری
(ڈائریکٹر)

لاہور
مورخہ: 22 ستمبر 2017ء

Our Core Values

LEADERSHIP

Every one of you can be a leader.

PEOPLE

We value the best people, second to none.

RESPECT AND HUMILITY

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

TEAMWORK

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

EMPLOYEES FIRST CULTURE

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

CLIENT INTERESTS

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

ONE GLOBAL TEAM

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

HONESTY AND INTEGRITY

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

Definitions

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

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

Code of Conduct

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

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

The Code affirms our six principles of conduct:

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

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H.Y.K & Co.
CHARTERED ACCOUNTANTS

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

Scope of our work

We have performed an independent assurance engagement of Netsol Technologies Limited (the Company) to express an opinion on the annexed Statement of Compliance (the Statement) with the requirements of Employees Share Option Scheme (the Scheme) , as approved by the shareholders of the Company , and the Public Companies (Employees Stock Option Scheme) Rules, 2001 (the Rules) as of June 30, 2017. Our engagement was carried out as required under Rule 14 of the Rules issued by the Securities and Exchange Commission of Pakistan vide SRO 300(I) 2001 dated May 11, 2001.

Responsibility of Company's Management

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

Responsibility of Independent Assurance Provider

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

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

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

Conclusion

In our opinion, the annexed Statement, in all material respects, presents fairly the status of the Company's compliance with the Scheme and the Rules as of June 30, 2017.

H.Y.K & Co.
Chartered Accountants
Lahore: September 22, 2017

Engagement Partner: Younus Kamran

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CHARTERED ACCOUNTANTS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **NetSol Technologies Limited (the Company)** for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule book of the Pakistan Stock Exchange where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

H.Y.K & Co.
Chartered Accountants
Lahore: September 22, 2017

Engagement Partner: Younus Kamran

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Statement of Compliance with the Code of Corporate Governance

For the Year Ended June 30, 2017

The statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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

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

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

4. No casual vacancy occurred on the Board of Directors of the Company during the year 2016-2017.

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

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

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

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

9. The Company is fully compliant with regard to "Director Training Program". All the board members have either completed their "Certificate of Directors Education" or are exempt as per criteria specified in clause 5.19.7 of the Pakistan Stock Exchange Regulations.

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

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

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

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

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

15. The board has formed an Audit Committee. It comprises of three members, of whom two are independ-

ent and one is non-executive director. The Chairman of the committee is an independent director.

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

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

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

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

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

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

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

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

For and on behalf of the Board of Director:

Salim Ullah Ghauri
Cheif Executive Officer

Lahore
September 22, 2017

Pattern of Shareholding

As at June 30, 2017

No. Of Shareholders	From	To	Total
503	1	100	13,116
461	101	500	150,893
327	501	1000	272,449
677	1001	5000	1,606,381
144	5001	10000	1,125,550
32	10001	15000	409,923
24	15001	20000	445,024
22	20001	25000	526,240
10	25001	30000	288,133
7	30001	35000	237,950
5	35001	40000	188,500
3	40001	45000	130,000
12	45001	50000	589,942
3	50001	55000	163,354
4	55001	60000	231,601
5	65001	70000	335,220
5	70001	75000	367,399
4	75001	80000	314,400
4	80001	85000	329,800
1	85001	90000	88,000
1	90001	95000	92,000
8	95001	100000	794,000
2	105001	110000	220,000
3	120001	125000	368,956
1	130001	135000	135,000
1	135001	140000	137,500
2	145001	150000	300,000
1	160001	165000	165,000

No. Of Shareholders	From	To	Total
3	175001	180000	533,000
1	180001	185000	184,500
1	185001	190000	190,000
1	195001	200000	200,000
1	215001	220000	220,000
1	240001	245000	241,000
1	330001	335000	332,500
1	395001	400000	400,000
1	405001	410000	409,000
1	435001	440000	435,500
2	495001	500000	1,000,000
1	590001	595000	593,500
1	605001	610000	608,040
1	635001	640000	636,909
1	655001	660000	660,000
1	710001	715000	713,500
1	970001	975000	974,195
1	1225001	1230000	1,228,210
1	1380001	1385000	1,384,200
1	1625001	1630000	1,626,500
1	1835001	1840000	1,839,000
1	2955001	2960000	2,957,290
1	3535001	3540000	3,538,500
1	16445001	16450000	16,450,000
1	42250001	42255000	42,254,248
2,300			89,635,923

Information required as per Code of Corporate Governance

As at June 30, 2017

S.No.	Catagories of Share Holders	Number of Share-holders	Shares Held	% of Capital	Total
1	Directors, CEO & their Spouse and minor childern:				
	Mr. Salim Ullah Ghauri	1	974,195	1.09	
	Mr. Shahab-ud-Din Ghauri	1	509	0.00	
	Mr. Najeeb Ullah Ghauri	1	184,609	0.21	
	Mr. Shahid Javed Burki	1	56,764	0.06	
	Mr. Vaseem Anvar	1	550	0.00	
	Mr. Omar Shahab Ghauri	1	99,559	0.11	
	Mr. Anwaar Hussain	1	526	0.00	
	Mrs. Tahira Salim Ghauri	1	110,000	0.12	1,426,712
2	Associated Companies, undertakings and related parties				
	NetSol Technologies Inc.	1	59,341,157	66.20	59,341,157
3	Executives	1	10,000	0.01	10,000
4	Banks, DFI & NBFC, Insurance Co.,Takaful, Modaraba and Pension Funds				
	Banks and Financial Institutions	4	1,503,372	1.68	
	Insurance Companies	1	5,000	0.01	
	Modarabas	1	5,000	0.01	
	Investment Companies	1	10,000	0.01	
	Pension Funds	2	29,500	0.03	1,552,872
5	Public Sector Cos. & Corporation	36	7,807,890	8.71	7,807,890
6	Mutual Funds				
	POLUNIN FUNDS [1500-0]	1	608,040	0.68	
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	1,839,000	2.05	
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	50,000	0.06	
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	435,500	0.49	
	CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	177,500	0.20	
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	400,000	0.45	
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	15,000	0.02	
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	593,500	0.66	
	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	713,500	0.80	4,832,040
7	General Public				
	a. Local	2,235	14,664,143	16.36	14,664,143
	b. Foreign	1	1,109	0.00	1,109
	Total	2,300		100	89,635,923

Shareholders holding five percent or more voting interest in the Company

NetSol Technologies Inc.	59,341,157	66.20

Trading in shares during the year 2017

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

Directors & Spouses

Mr. Salim Ullah Ghaurii,CEO/Executive Director purchased 25,000 shares through exercise of options.
Mr. Najeeb Ullah Ghauri, Non-Executive Director sold 300,500 shares.
Mrs. Tahira Salim Ghaurii, W/O Mr. Salim Ullah Ghauri purchased 110,000 shares .

Executives

Mr. Boo-Ali, CFO/Company Secretary sold 90,000 and purchased 10,000 shares through exercise of options.

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FINANCIAL

STATEMENTS

For the Year Ended June 30, 2017

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H.Y.K & Co.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NetSol Technologies Limited (the 'Company')** as at **June 30, 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

H.Y.K & Co.
Chartered Accountants
Lahore: September 22, 2017

Engagement Partner: Younus Kamran

Balance Sheet

As at June 30, 2017

	NOTE	2017	2016
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	**1,898,191**	2,203,006
Intangible assets	6	**1,801,409**	2,195,996
		3,699,600	4,399,002
Long term investments	7	**218,873**	32,455
Long term loans to employees	8	**446**	-
		3,918,919	4,431,457
CURRENT ASSETS			
Trade debts	9	**669,272**	1,198,056
Excess of revenue over billing	10	**1,788,568**	618,020
Loans and advances	11	**31,410**	24,732
Trade deposits & short term prepayments	12	**13,519**	25,272
Other receivables	13	**19,392**	148,427
Due from related parties	14	**16,055**	20,068
Taxation - net	15	**49,523**	31,688
Cash & bank balances	16	**874,942**	108,473
		3,462,681	2,174,736
TOTAL ASSETS		**7,381,600**	6,606,193

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

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

	NOTE	2017	2016
		Rupees in '000'	
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	17	**1,500,000**	1,500,000
Issued, subscribed and paid-up capital	17	**896,359**	891,544
Share deposit money		**13**	1,490
Reserves	18	**4,796,141**	4,443,382
		5,692,513	5,336,416
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	19	**19,397**	37,064
Deferred income	20	**-**	-
Long term advances	21	**3,254**	2,430
		22,651	39,494
CURRENT LIABILITIES			
Trade and other payables	22	**384,855**	402,833
Unearned revenue	23	**142,471**	271,579
Short term borrowings	24	**1,113,713**	514,561
Current portion of long term liabilities	25	**25,397**	41,310
		1,666,436	1,230,283
CONTINGENCIES & COMMITMENTS	26	**-**	-
TOTAL EQUITY AND LIABILITIES		**7,381,600**	6,606,193

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

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

Profit and Loss Account

For the year ended June 30, 2017

	NOTE	2017	2016
		Rupees in '000'	
Revenue - net	27	3,925,697	3,215,811
Cost of revenue	28	(2,685,337)	(2,282,076)
Gross profit		1,240,360	933,735
Selling and promotion expenses	29	(442,704)	(260,075)
Administrative expenses	30	(694,833)	(664,566)
Other operating expenses	31	(2,005)	(31,516)
Other income	32	290,934	135,301
Operating Profit		391,752	112,879
Finance cost	33	(29,669)	(22,934)
Profit before taxation		362,083	89,945
Taxation			
Current year	34	(40,781)	(37,743)
Prior year		(1,006)	-
		(41,787)	(37,743)
Profit after taxation for the year		320,296	52,202
Earnings per share			
Basic - In Rupees	35	3.58	0.59
Diluted - In Rupees	36	3.56	0.58

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

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

Statement of Comprehensive Income

For the year ended June 30, 2017

	2017	2016
	Rupees in '000'	
Profit after taxation for the year	**320,296**	52,202
Other comprehensive income	**-**	-
Total comprehensive Income for the year	**320,296**	52,202

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

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

Statement of Cash Flows

For the year ended June 30, 2017

	NOTE	2017	2016
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the year		**362,083**	89,945
Adjustments for non cash charges and other items:			
Depreciation - own assets		**309,517**	379,105
Amortization of leased assets		**27,321**	25,120
Amortization of intangible assets		**394,587**	315,301
(Gain) / Loss on disposal of fixed assets		**2,005**	(336)
Bad debt		**36,194**	2,335
Amortization of deferred revenue			(10)
Exchange loss / (gain) on debtors		**(48,706)**	31,516
Interest expense		**27,966**	21,772
Interest income		**(10,428)**	(9,497)
Dividend Income		**(214,939)**	(105,468)
Deferred employee compensation expense		**73,994**	-
Donation		**169**	80
		597,680	659,918
Cash generated from operations before working capital changes		**959,763**	749,863
Working Capital Changes			
Trade debts		**(758,356)**	(997,345)
Loans and advances		**(7,124)**	(15,424)
Trade deposits & short term prepayments		**11,753**	410
Other receivables		**23,569**	(20,024)
Due from related parties		**4,013**	87,440
Trade and other payables		**(28,661)**	(12,741)
Cash (used in) operations		**(754,806)**	(957,684)
Interest paid		**(20,368)**	(21,863)
Income taxes paid		**(59,057)**	(33,262)
Dividend paid		**(39,437)**	(275)
Net cash (used in) / generated from operations		**86,095**	(263,221)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		**(61,061)**	(125,829)
Sales proceeds of fixed asset		**31,021**	65,581
Capital work in progress		**(6,961)**	(49,256)
Long term investment		**(186,418)**	(17,267)
Interest received		**10,428**	9,497
Net cash (used in) investing activities		**(212,991)**	(117,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		**4,815**	1,080
Share deposit money		**(1,477)**	1,477
Share premium		**3,223**	693
Paid against obligation under finance lease		**(60,529)**	(65,558)
Received against obligation under finance lease		**25,710**	-
Short term borrowing		**599,152**	101,917
Dividend received		**320,407**	-
Long term advances		**2,064**	1,764
Net cash generated from financing activities		**893,365**	41,373
Net Increase/ (decrease) in cash and cash equivalents		**766,469**	(339,122)
Cash and cash equivalents at the beginning of the year		**108,473**	447,595
Cash and cash equivalents at the end of the year	16	**874,942**	108,473

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

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

Statement of Changes in Equity

For the year ended June 30, 2017

	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compensation reserve	Capital Reserve	Revenue Reserve	Total
				Share premium	Unappropriated profit	
	Rupees In '000'					
Balance as at June 30, 2015	890,464	13	1,767	297,924	4,090,796	5,280,964
Total comprehensive income for the Period						
Net profit for the year ended June 30, 2016	-	-	-	-	52,202	52,202
Other comprehensive income	-	-	-	-	-	-
Shares issued against options exercised (108,000 shares at Rs. 10 each)	1,080	(1,773)	(160)	853	-	-
Amount received against option exercised	-	3,250	-	-	-	3,250
	1,080	1,477	(160)	853	52,202	55,452
Balance as at June 30, 2016	891,544	1,490	1,607	298,777	4,142,998	5,336,416
Balance as at June 30, 2016	891,544	1,490	1,607	298,777	4,142,998	**5,336,416**
Net profit for the year ended June 30, 2017	-	-	-	-	320,296	**320,296**
Other comprehensive income	-	-	-	-	-	**-**
Shares issued against options exercised (481,500 shares at Rs. 10 each)	4,815	(7,906)	(711)	3,802	-	**-**
Options lapsed due to employee resignation	-	-	(579)	-	-	**(579)**
Amount received against option exercised	-	6,428	-	-	-	**6,428**
Dividend paid	-	-	-	-	(44,622)	**(44,622)**
Contribution of parent on account of employee share options	-	-	74,573	-	-	**74,573**
	4,815	(1,478)	73,283	3,802	275,674	**356,096**
Balance as at June 30, 2017	**896,359**	**13**	**74,890**	**302,579**	**4,418,672**	**5,692,512**

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

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

Notes to the Accounts

For the year ended June 30, 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 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 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 majority owned a subsidiary of NetSol Technologies Inc., USA.

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

2.2 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (the SECP) differ with the requirements of these standards, requirements of the Ordinance or the requirements of the said directives take precedence.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Accounting policies

The accounting policies adopted for the preparation of these financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2016.

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

IFRS 10	Consolidated Financial Statements (Amendments)
IFRS 12	Disclosure of Interests in Other Entities (Amendments)
IAS 27	Separate Financial Statements – Investment Entities (Amendments)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of Disposal (Amendments)
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed
IAS 19	Employee Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting

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

		Effective for periods beginning on or after
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	Jan-01 2018
IFRS 10	Consolidated Financial Statements	Not yet finalized
IAS 28	Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized
IAS 7	Statement of Cash flows	Jan-01 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	Jan-01 2017
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	Jan-01 2018
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	Jan-01 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan-01 2018
IFRIC 23	Uncertainty over Income Tax Treatments	Jan-01 2019

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

3. USE OF ESTIMATES AND JUDGMENT

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

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

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

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

i. Provision for doubtful debts

ii. Provision for taxation

iii. Useful life of depreciable assets

iv. Useful life of intangible assets

v. Contingencies

Notes to the Accounts

For the year ended June 30, 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property Plant and equipment

(i) Owned assets

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

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

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

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

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

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

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

(ii) Assets subject to finance lease

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

Assets acquired under finance lease are amortized over the useful life of the assets using reducing balance method at the rates given in note 5.5.

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

(iii) Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. It represents expenditure incurred on property plant and equipment during construction and installation. Cost also includes applicable borrowing costs under IAS23. These expenditures are transferred to relevant assets' category as and when assets are available for use.

4.2 Intangible assets

Research and software products development

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

There are two components of intangible assets:

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

(a) In-house developed intangible assets

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

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

(b) Intangible assets acquired from market

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

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

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

4.3 Impairment

(a) Financial Asset

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

(b) Non Financial Asset

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

4.4 Foreign currency translation

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

4.5 Staff benefits

(i) Retirement benefits

The Company operates a defined contributory provident fund for all its permanent employees. Contributions are made equally by the company and the employee at 8% of the basic salary in the provident fund on monthly basis. Company's contribution is recognised as a cost in the profit and loss account. The fund is administrated by the Trustees.

Notes to the Accounts

For the year ended June 30, 2017

(ii) Short-term benefits

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

(iii) Employee's share option scheme

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

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

4.6 Taxation

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Charge for tax expense also includes adjustments where necessary, relating to prior years which arise from assessments finalised during the current year.

4.7 Creditors, accruals and provisions

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

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

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

4.8 Trade debts

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

4.9 Cash and cash equivalents

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

4.10 Revenue recognition

(i) License sale

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

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

(ii) Rendering of services

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

(iii) Maintenance

Revenue from maintenance is recognized on time proportion basis.

(iv) Sale of hardware and third party software

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

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

(v) Miscellaneous

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

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

Rental income is recognized on time proportion basis.

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

Miscellaneous income is recognized on receipt basis.

4.11 Borrowing costs

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

4.12 Off-setting of financial asset and liability

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

4.13 Financial instruments

(i) Financial assets

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

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

Notes to the Accounts

For the year ended June 30, 2017

(a) Held to maturity investments

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

(b) Loans and receivables

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

(c) Available for sale investments

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

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

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

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

(ii) Financial liabilities

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

4.14 Investments

Investment in subsidiary and other investments are stated at cost less any impairment losses.

4.15 Dividend and appropriation to reserves

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

4.16 Leasing

(i) Operating Leases

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

(ii) Finance Leases

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

4.17 Related party transactions

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

4.18 Fair value

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

4.19 Earnings Per Share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

			2017	2016
			Rupees in '000'	
5.	**PROPERTY PLANT & EQUIPMENT**			
	Net book value of owned assets	5.1	**1,804,473**	2,055,258
	Net book value of leased assets	5.5	**86,757**	147,748
	Capital work in progress	5.7	**6,961**	-
			1,898,191	2,203,006

Notes to the Accounts

For the year ended June 30, 2017

5.1 Following is the statement of owned assets

Particulars	2017								
	COST			DEPRECIATION					Net book value as at Jun 30, 2017
	As at Jul 01, 2016	Additions / (Deletions)	As at Jun 30, 2017	Rate %	As at Jul 01, 2016	Adjustment during the year	Charge for the Period	As at Jun 30, 2017	
	Rupees In '000'								
Tangible Assets									
Land - freehold	254,229	-	254,229	-	-	-	-	-	254,229
Building on freehold land	952,561	-	952,561	5	157,811	-	39,737	197,548	755,013
Furniture & fixture	65,366	3,707 (1,409)	67,664	10	15,276	(865)	5,241	19,652	48,012
Vehicles	79,776	50,336 (45,602)	84,510	20	45,184	12,690 (11,286)	7,520	54,108	30,402
Office equipment	50,581	4,717 (145)	55,153	10	15,289	- (86)	3,739	18,942	36,211
Computers	1,411,153	53,661 (12,395)	1,452,419	20 ~ 33	877,461	21,109 (11,315)	148,220	1,035,475	416,944
Air conditioners	36,541	21,501	58,042	10	7,669	5,393	3,642	16,704	41,338
Electric fittings	49,371	-	49,371	10	5,989	-	4,338	10,327	39,044
Generator	40,579	-	40,579	10	13,832	-	2,675	16,507	24,072
Leasehold improvements	19,381	-	19,381	-	3,393	-	15,988	19,381	-
Intagible Assets									
Computer software	885,199	-	885,199	33	647,575	-	78,416	725,991	159,208
	3,844,737	133,922 (59,551)	3,919,108		1,789,479	39,191 (23,552)	309,517	2,114,635	1,804,473

The detail for the assets disposed off during the year is given in note 5.4

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

			2017	2016
			Rupees in '000'	
5.2	**Depreciation is allocated in the following manner**			
	Cost of revenue	28	**235,402**	284,329
	Administrative expenses	30	**74,115**	94,776
			309,517	379,105

Notes to the Accounts

For the year ended June 30, 2017

5.3 Leasehold Improvements have been fully depreciated in current year by charging acceleratred depreciation of Rs. 12.790 Million.

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

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Vehicle	925	633	292	100	Company Policy	Ghazal Mirza (Employee)
Vehicle	35,038	6,813	28,225	30,000	Negotiation	Riffat Zamani
Other items having net book value of less than Rs. 50,000 each	23,588	16,105	7,483	3,895	Negotiation	Various
2017	**59,551**	**23,551**	**36,000**	**33,995**		
2016	76,922	11,596	65,326	65,580		

5.5 Following is statement of leased assets

Particulars	2017								
	COST			DEPRECIATION					Net book value as at Jun 30, 2017
	As at Jul 01, 2016	Additions / (Deletions)	As at Jun 30, 2017	Rate %	As at Jul 01, 2016	Adjustment during the year	Charge for the Period	As at Jun 30, 2017	
	Rupees In '000'								
Vehicles	**127,566**	**25,710** **(47,273)**	**106,003**	**20**	**24,688**	**(12,690)**	**22,156**	**34,154**	**71,849**
Computers	**41,066**	**-** **(32,158)**	**8,908**	**20-33**	**24,383**	**(21,109)**	**2,955**	**6,229**	**2,679**
Air conditioners	**19,140**	**-** **(19,140)**	**-**	**10**	**4,541**	**(5,393)**	**852**	**-**	**-**
Generator	**17,045**	**-**	**17,045**	**10**	**3,457**	**-**	**1,359**	**4,816**	**12,229**
	204,817	**25,710** **(98,571)**	**131,956**		**57,069**	**-** **(39,192)**	**27,322**	**45,199**	**86,757**

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

			2017	2016
			Rupees in '000'	
5.6	**Amortization is allocated in the following manner**			
	Cost of revenue	28	**20,490**	18,840
	Administrative expenses	30	**6,831**	6,280
			27,321	25,120
5.7	**Capital work-in-progress**			
	Advance against assets		**6,961**	-
			6,961	
	5.7.1 The movement in capital work-in-progress during the year is as under:			
	Opening Balance		**-**	23,651
	Additions during the year		**42,535**	52,107
	Transfers:			
	Building		**-**	45,898
	Leasehold improvements		**-**	19,381
	Furniture and Fixtures		**-**	3,274
	Computers		**-**	214
	Office equipments		**-**	689
	Generator		**-**	3,680
	Air conditioners		**-**	1,297
	Vehicles		**35,574**	1,325
			(35,574)	(75,758)
	Closing Balance		**6,961**	-

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

5.7.3 During the year borrowing cost amounting to Rs. Nil (2016 : Rs. 0.383 million) has been capitalized using capitalization rate of 0% pa (2016 : 4%) in the capital work in progress pertaining to construction of building.

6. INTANGIBLE ASSETS

Particulars	2017							
	COST			AMORTISATION				Net book value as at Jun 30, 2017
	As at Jul 01, 2016	Additions / (Deletions)	As at Jun 30, 2017	Rate %	As at Jul 01, 2016	Charge for the Period	As at Jun 30, 2017	
	Rupees In '000'							
In-house Developed Software								
NFS - Ascent	**2,935,038**	**-**	**2,935,038**	**10**	**840,125**	**293,504**	**1,133,629**	**1,801,409**
NetSol Financial Suite	**213,225**	**-**	**213,225**	**10 ~ 20**	**213,225**	**-**	**213,225**	**-**
SMART	**137,149**	**-**	**137,149**	**10**	**96,005**	**41,144**	**137,149**	**-**
HMIS	**35,146**	**-**	**35,146**	**10**	**9,079**	**26,067**	**35,146**	**-**
Business Intelligence Scoring Model & Risk Management	**45,671**	**-**	**45,671**	**10**	**11,799**	**33,872**	**45,671**	**-**
	3,366,229	**-**	**3,366,229**		**1,170,233**	**394,587**	**1,564,820**	**1,801,409**

Notes to the Accounts

For the year ended June 30, 2017

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

			2017	2016
			Rupees in '000'	
6.1	**Amortization is allocated in the following manner**			
	Cost of revenue	28	**394,587**	315,301

6.2 In house developed softwares namely SMART, HMIS & Business Intelligence have been fully amortized in current year by charging acceleratred amortization of Rs. 90.184 Million

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

7.	**LONG TERM INVESTMENTS - at cost**			
	Related parties			
	WRLD3D Limited (Unquoted company) (Formerly EEGEO Inc.)	7.1	**203,685**	17,267
	NetSol Innovation (Pvt) Limited (Unquoted subsidiary company)	7.2	**15,188**	15,188
			218,873	32,455

7.1.1 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 June 30, 2017, the Company has provided cash and services valued at $1,945,909 (PKR 203,685,000) which is recorded as investment.
Mr. Faizaan Ghauri is the Chief Executive Officer of WRLD3D Limited (formerly eeGeo, Inc.)

7.1.2 In connection with the investment, the Company received a warrant to purchase preferred stock which are exerciseable into share of the 'Next Round Preferred" , only if and when the Next Round Preferred is issued by WRLD3D Limited (formerly eeGeo, Inc.), in a 'Qualified Financing". The warrants expire on March 2, 2020.

7.2.1 The subsidiary is incorporated in Pakistan. The Company holds 1,518,785 (2016 : 1,518,785) fully paid ordinary shares of Rs. 10/- each i.e. 50.52% of Equity held (2016 : 50.52%) . Based on audited accounts for the year ended June 30, 2017, break-up value per share is Rs. 109.78 (2016 : Rs. 191.19).
Mr. Salim Ullah Ghauri is the Chief Executive Officer of the subsidiary company.

8. LONG TERM LOANS TO EMPLOYEES-Unsecured

Considered good		**2017**	2016
Loan to employees		**Rupees in '000'**	
- to executives		**8,212**	6,984
- to non-executives		**1,021**	-
Less: current maturity		**(8,787)**	(6,984)
		446	-

8.1 Loans are given to employees for their personal needs and deducted from salaries. Maximum balance outstanding against loans to employees at the end of any month during the year was Rs. 9.233 million (2016: Rs. 11.5 million).

8.2 Reconciliation of the carrying amount of loans to executives

Balance at the beginning of the year		**6,984**	3,096
Disbursements during the year		**5,130**	15,938
Received during the year		**(3,902)**	(12,050)
		8,212	6,984

9. TRADE DEBTS

Considered good - unsecured	9.2	**669,272**	1,198,056
Considered doubtful - unsecured	9.3	**35,225**	48,748
		704,497	1,246,804
Less: Provision against doubtful recovery		**(35,225)**	(48,748)
		669,272	1,198,056

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

NetSol Technologies (Thailand) Limited	**97,439**	183,968
NetSol Technologies (Beijing) Company Limited	**121,937**	163,364
NetSol Australia Pty. Limited	**9,475**	28,759
	228,851	376,091

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

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

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

Balance as at July 1	48,748	51,850
Provision made during the year	36,194	-
Write offs during the year	(49,717)	(3,102)
Balance as at June 30	35,225	48,748

Notes to the Accounts

For the year ended June 30, 2017

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

	2017		2016	
	Rupees in '000'		Rupees in '000'	
	Gross	**Impaired**	Gross	Impaired
Not past due	**10,995**	**-**	57,121	-
Past due 1-180 days	**352,833**	**-**	886,750	-
Past due 181 days -1 year	**152,018**	**-**	300,461	-
More than one year	**188,650**	**-**	2,472	-
Total	**704,496**	**-**	1,246,804	-

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

	Gross	**Impaired**	Gross	Impaired
Not past due	**-**	**-**	-	-
Past due 1-180 days	**9,475**	**-**	105,326	-
Past due 181 days -1 year	**99,799**	**-**	270,765	-
More than one year	**119,577**	**-**	-	-
Total	**228,851**	**-**	376,091	-

10. EXCESS OF REVENUE OVER BILLING

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

		2017	2016
		Rupees in '000'	
11. LOANS AND ADVANCES - Unsecured - Considered good			
Current maturity of loans to employees	8	**8,787**	6,984
Advances			
- to executives	11.1	**43**	150
- against expenses		**22,580**	17,598
		31,410	24,732

11.1 The advances to executives are given to meet business expenses and are settled as and when the expenses are incurred. Maximum balance outstanding against advances to executives at the end of any month during the year was Rs. 1.040 million (2016 : Rs. 1.251 million)

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		**5,449**	9,297
Prepayments		**8,070**	15,975
		13,519	25,272
13. OTHER RECEIVABLES			
Guarantee margin		**673**	493
Dividend receivable		**-**	105,468
Sales tax Refundable		**-**	687
Other receivable - considered good	13.1	**18,719**	41,779
		19,392	148,427

13.1 Other receivable include travel expenses amounting to Rs. 18.5 million (2016: Rs. 7.6 million) to be invoiced to the customers.

		2017	2016
		Rupees in '000'	
14. DUE FROM RELATED PARTIES			
Considered good - unsecured			
Associated undertaking			
NetSol Connect (Pvt) Ltd.		**13,219**	6,232
NetSol Technologies Beijing Ltd.		**2,836**	13,836
		16,055	20,068

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

14.2 Maximum aggregate amount outstanding due from related party at the end of any month during the year was Rs. 176.70 million (2016 : Rs. 215.08 million).

15. TAXATION - NET			
Tax receivable as at 1 July		**31,688**	36,168
Tax payments		**11,489**	15,158
Tax adjustments		**12,178**	–
Provision for taxation		**(5,831)**	(19,638)
		49,524	31,688
16. CASH AND BANK BALANCES			
With banks			
Saving accounts	16.1	**724,313**	79,193
Current accounts		**88,326**	47
Foreign currency current account		**60,202**	24,668
		872,841	103,908
In hand		**2,101**	4,565
		874,942	108,473

16.1 The balances in savings accounts bear mark up at 3% to 4.5% per annum. (2016 : 4% to 4.5% per annum)

17. SHARE CAPITAL

17.1 Authorised share capital

2017	2016		2017	2016
Number of shares			Rupees in '000'	
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000

17.2 Issued, subscribed & paid-up capital

2017	2016		2017	2016
Number of shares			Rupees in '000'	
42,485,191	42,003,691	Ordinary Shares of Rs. 10 each fully paid in cash	**424,852**	420,037
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
89,635,923	89,154,423		**896,359**	891,544

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

Number of shares outstanding as at July 1	**89,154,423**	89,046,423
Ordinary Shares of Rs. 10 issued against options exercised	**481,500**	108,000
Number of shares outstanding as at June 30	**89,635,923**	89,154,423

Notes to the Accounts

For the year ended June 30, 2017

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

17.5 There are outstanding options to subscribe for ordinary shares of the Company granted under the employee share option plan as disclosed in Note 18.1.1

17.6 NetSol Technologies Inc. 24025, Park Sorrento, Suite 410, Calabasas CA 91302, is the parent company holding 66.20% (2016 : 66.56%) of issued capital of the Company.

17.7 The Company is not subject to any externally imposed capital requirements for the financial years 2016 and 2017.

18. RESERVES

		2017	2016
Capital reserve		**Rupees in '000'**	
Premium on issue of ordinary shares		**302,579**	298,777
Revenue reserve			
Un - appropriated profit		**4,418,672**	4,142,998
Employee share option compensation reserve	18.1	**74,890**	1,607
		4,796,141	4,443,382

18.1 EMPLOYEE SHARE OPTION COMPENSATION RESERVE

Balance as at the beginning of the year	**1,607**	1,767
Options issued during the year	**-**	-
Options lapsed due to employee resignation	**(579)**	-
Amount transferred to Capital reserve on exercise of options	**(711)**	(160)
Contribution of parent on account of employee share options	**74,573**	-
Balance at the end of the year	**74,890**	1,607

18.1.1 Employee Stock Option Scheme

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

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

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

	2017	2016
	Number of Options	
Options outstanding at the beginning of the year	**1,088,000**	1,196,000
Options issued during the year	**-**	-
Options lapsed during the year	**(392,000)**	-
Options exercised during the year	**(481,500)**	(108,000)
Options outstanding at the end of the year	**214,500**	1,088,000

		2017	2016
		Rupees in '000'	
19.	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**		
	Present value of minimum lease payments	**41,241**	76,060
	Less: Current portion of obligations shown under current liabilities	**(21,844)**	(38,996)
		19,397	37,064

Present value of minimum lease payments have been discounted at an implicit interest rate ranging between 7.6 % to 11% (2016 : 8 % to 11%) to arrive at their present value. The lessee has the option to purchase the assets after expiry of the lease term.

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

	2017		
	Minimum Lease Payment	**Future Finance Charges**	**Present Value of Lease Liability**
Not later than one year	**24,270**	**2,427**	**21,844**
Later than one year but not later than five years	**20,543**	**1,146**	**19,398**
	44,814	**3,572**	**41,241**

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

		2017	2016
		Rupees in '000'	
20.	**DEFERRED INCOME**		
	Opening balance	**-**	10
	Addition during the period	**-**	-
		-	10
	Amortized during the year	**-**	(10)
	Un amortized gain on sale and lease back transaction	**-**	-

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

21.	**LONG TERM ADVANCES**		
	Long term advances	**6,808**	4,744
	Less: Current portion	**(3,553)**	(2,314)
		3,255	2,430

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

Notes to the Accounts

For the year ended June 30, 2017

		2017	2016
		Rupees in '000'	
22. TRADE AND OTHER PAYABLES			
Creditors		**39,281**	50,084
Accrued liabilities		**195,984**	189,604
Interest accrued - secured		**12,200**	4,602
Due to related parties	22.1	**101,355**	111,474
Withholding tax		**14,098**	11,268
Sales Tax Payable		**1,226**	
Provident fund payable		**13,718**	32,488
Unclaimed dividend		**5,426**	2,339
Other payables		**1,567**	974
		384,855	402,833

22.1	**DUE TO RELATED PARTIES**			
	Parent			
	NetSol Technologies Inc.	22.1.1	**101,355**	111,474
			101,355	111,474

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

22.1.2 Maximum aggregate amount outstanding due to related party at the end of any month during the year was Rs. 425.105 million (2016 : Rs. 445.905 million).

23. UNEARNED REVENUE

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

It includes Rs. 0.510 million (2016 : 2.032 million) against NetSol Technologies Australia Pty. Limited.

24. SHORT TERM BORROWINGS

Export refinance - secured	24.1	**1,000,000**	400,000
Loan from related party - unsecured	24.2	**113,713**	114,561
		1,113,713	514,561

24.1	**EXPORT REFINANCE - SECURED**			
	Askari Bank Limited - ERF	24.1.1	**500,000**	400,000
	SAMBA Bank Limited - ERF	24.1.2	**200,000**	-
	SAMBA Bank Limited - LAPC	24.1.2	**300,000**	-
			1,000,000	400,000

24.1.1.1 The facility for export refinance (ERF) is available from Askari Bank Limited amounting upto Rs 500 million (2016 : Rs 400 million), availed Rs. 500 million (2016 : 400 million) It carries mark-up of State Bank Refinance Rate+1% per annum (2016 : State Bank Refinance Rate+1% per annum). The interest rate charged was 3% (2016 : 4.5 to 6%) for the fiscal year 2017. The due balance is payable bi-annually.

24.1.1.2 A facility for issuance of guarantees (LG) is available from Askari Bank Limited upto Rs. 100 million (2016 : Rs. 100 million), availed Rs. 7.977 million. (2016 : Rs. 7.062 million)

24.1.1.3 A sublimit of LG is available from Askari Bank Limited for corporate credit cards upto Rs. 6 million (2016 : Rs. 4 million)

24.1.1.4 The company has a running finance facility from Askari Bank Limited as a sublimit to LG facility upto Rs. 75 million (2016 : 75 million) for working capital requirement. As at June 30, 2017 there is no balance outstanding against this facility. It carries markup at the rate of 3 month Kibor + 2%. (2016 : 3 month Kibor + 2%)

24.1.1.5 The facilities from Askari Bank Limited are secured by way of charge over the Company's all present and future current assets amounting to Rs. 767 million including first charge of Rs. 536 million, 1st Pari Passu charge of Rs. 98 million and ranking charge of Rs. 133 million (2016: Rs. 634 million) and charge of Rs. 767 million over fixed assets of the company, including 1st Pari Passu charge of Rs. 680 million and Ranking charge of Rs. 86.67 million. (2016: Rs. 680 million).

The facilities from Askari bank are secured by way of 1st equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt.

24.1.2.1 The facility for export refinance (ERF) is available from SAMBA Bank Limited amounting upto Rs 500 million (2016 : Nil), availed Rs. 200 million (2016 : Nil) It carries mark-up at State Bank Refinance Rate + 1% per annum (2016 : Nil). Interest rate charged was 3% (2016 : Nil) for the fiscal year 2017. The due balance is payable bi-annually.

24.1.2.2 The facility for export refinance (LAPC) is available from SAMBA Bank Limited amounting upto Rs 500 million (2016 : Nil), availed Rs. 300 million (2016 : Nil). This is a sublimit of ERF. It carries markup at the rate of 3 month Kibor + 2%. (2016 : Nil). The due balance is payable bi-annually.

24.1.2.3 The facilities from SAMBA bank limited are secured by way of ranking charge over Company's all present and future current assets amountin to Rs. 667 million (2016: Nil) and ranking charge of Rs. 667 million over fixed assets of the company (2016: Nil). These charges will be upgraded to 1st Pari Passu charge in the coming quarter.

The facilities from SAMBA bank are secured by way of 2nd ranking equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla propreties, all located at Ghazi road, Lahore Cantt.

24.2 This represent short term interest free loan of USD 1,086,254 (2016: US$ 1,086,254) from the holding company.

			2017	2016
25.	**CURRENT PORTION OF LONG TERM LIABILITIES**		**Rupees in '000'**	
	Current portion of lease liability	19	**21,844**	38,996
	Current portion of long term advances	20	**3,553**	2,314
			25,397	41,310

26. CONTINGENCIES & COMMITMENTS

26.1 Contingencies

26.1.1 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.

26.1.2 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.

26.2 Commitments

26.2.1 The Company has issued worth Rs. 7.977 million (2016: 7.062 million) bank guarantees and bid bonds to LESCO and various customers against sale of software and allied services.

26.2.2 The Company has no commitment under any capital purchase agreement as at June 30, 2017.

		2017		2017	2016
		Domestic	**Foreign**	**Rupees in '000'**	
27.	**REVENUE**				
	Export Revenue				
	License	-	1,235,983	**1,235,983**	430,422
	Services	-	1,871,003	**1,871,003**	2,013,862
	Maintenance	-	806,990	**806,990**	738,790
			3,913,976	**3,913,976**	3,183,074
	Local Revenue				
	Services	3,053	-	**3,053**	27,470
	Maintenance	10,543	-	**10,543**	10,505
		13,596	-	**13,596**	37,975
	Sales tax	(1,875)	-	**(1,875)**	(5,238)
		11,721	3,913,976	**3,925,697**	3,215,811

Notes to the Accounts

For the year ended June 30, 2017

		2017		2017	2016
		Domestic	Foreign	Rupees in '000'	
28. COST OF REVENUE					
Salaries & benefits	28.1	18,147	1,634,436	**1,652,583**	1,351,397
Consultancy charges			33,612	**33,612**	3,141
Hardware and other material cost		1,899	-	**1,899**	9,461
Software licences		543	-	**543**	6,867
Staff training			4,470	**4,470**	5,468
Rent, rates & taxes		248	11,889	**12,137**	10,805
Travelling & conveyance		167	118,723	**118,890**	84,066
Communication		625	29,990	**30,615**	31,475
Utilities		498	23,898	**24,396**	31,249
Printing & stationery		45	2,139	**2,184**	4,353
Entertainment		877	42,036	**42,913**	50,760
Insurance		11	1,726	**1,737**	1,465
Vehicle running & maintenance		7	26,463	**26,470**	17,291
Repair & maintenance		1,578	75,648	**77,226**	51,477
Fee & subscription		106	5,077	**5,183**	4,331
Depreciation	5.2	4,809	230,593	**235,402**	284,329
Amortization of leased assets	5.5	419	20,071	**20,490**	18,840
Amortization of intangible assets	6.1	101,083	293,504	**394,587**	315,301
		131,060	2,554,277	**2,685,337**	2,282,076

28.1 Salaries and benefits include Rs. 62.459 million (2016 : Rs. 59.117 million) in respect of retirement benefits.

		2017		2017	2016
		Domestic	Foreign	Rupees in '000'	
29. SELLING AND PROMOTION EXPENSES					
Salaries & benefits	29.1	586	195,822	**196,408**	122,661
Staff training		-	17	**17**	-
Rent, rates & taxes		45	14,977	**15,022**	12,850
Travelling and conveyance		132	44,046	**44,178**	29,313
Communication		6	2,079	**2,085**	1,805
Utilities		3	1,058	**1,061**	1,105
Printing & stationery		3	895	**898**	536
Entertainment		8	2,795	**2,803**	2,221
Insurance		5	1,520	**1,525**	534
Vehicle running expenses		14	4,605	**4,619**	3,069
Repairs and maintenance		6	1,950	**1,956**	7,210
Commission on sales		433	144,631	**145,064**	69,071
Advertisement		7	2,385	**2,392**	5,523
Tender money		-	-	**-**	158
Sale promotional expenses		74	24,602	**24,676**	4,019
		1,322	441,382	**442,704**	260,075

29.1 Salaries and benefits include Rs. 2.806 million (2016 : Rs. 2.312 million) in respect of retirement benefits.

30. ADMINISTRATIVE EXPENSES

		2017		2017	2016
		Domestic	Foreign	Rupees in '000'	
Salaries and benefits	30.1	999	333,509	**334,508**	291,341
Staff training		-	155	**155**	540
Rent, rates and taxes		66	22,021	**22,087**	15,971
Travelling and conveyance		94	31,298	**31,392**	18,064
Communication & postage		29	9,794	**9,823**	6,815
Printing and stationery		4	1,435	**1,439**	1,715
Utilities		43	14,490	**14,533**	13,979
Entertainment		96	32,224	**32,320**	31,253
Insurance		9	3,163	**3,172**	3,498
Advertisement		1	383	**384**	1,698
Vehicle running expenses		22	7,274	**7,296**	15,638
Repairs and maintenance		101	33,699	**33,800**	65,252
Legal and professional charges		16	5,262	**5,278**	7,189
Auditors remuneration	30.2	7	2,493	**2,500**	2,500
News papers & periodicals		-	141	**141**	398
Office supplies		16	5,213	**5,229**	6,429
Charity & donation	30.3	81	27,215	**27,296**	21,846
Fee & subscription		15	4,972	**4,987**	8,434
Miscellaneous expenses		-	150	**150**	150
Research and development cost		123	41,080	**41,203**	48,465
Bad debts	-	-	-	**-**	2,335
Provision for doubtful debts		108	36,086	**36,194**	-
Depreciation	5.2	221	73,894	**74,115**	94,776
Amortization of leased assets	6.1	20	6,811	**6,831**	6,280
		2,071	692,762	**694,833**	664,566

30.1 Salaries and benefits include Rs. 9.266 million (2016 : Rs. 10.038 million) in respect of retirement benefits.

		2017	2016
		Rupees in '000'	
30.2	**Auditors remuneration**		
	Audit fee	**1,500**	1,200
	Certifications of group reporting	**500**	700
	Professional services	**200**	300
	Out-of-pocket expenses	**300**	300
		2,500	2,500

30.3 Charity & donation

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

Name of Donee and address	Name of interested directors and nature of interest	2017	2016
		Rupees in '000'	
Shahid Javed Burki Institute of Public Policy at NETSOL	Shahid Javed Burki - Chairman Member Board of Directors	**10,462**	6,625
(126-B Ahmad Block, New Garden Town, Lahore)	Salim Ghauri - Member Board of Directors		

Notes to the Accounts

For the year ended June 30, 2017

		2017		2017	2016
		Domestic	Foreign	Rupees in '000'	
31. OTHER OPERATING EXPENSES					
Loss on disposal of assets		**2,005**	-	**2,005**	-
Loss on foreign currency translation		**-**	-	**-**	31,516
		2,005	-	**2,005**	31,516
32. OTHER INCOME					
Income from financial assets					
Profit on bank deposits	32.1	10,418	-	**10,418**	9,453
Mark up on loan	32.1	10	-	**10**	44
Dividend Income	32.2	214,939	-	**214,939**	105,468
		225,367	-	**225367**	114,965
Income from non-financial assets					
Gain on foreign currency translation		-	48,710	**48,710**	-
Gain on disposal of assets		-	-	**-**	336
Amortization of deferred revenue		-	-	**-**	10
Rental income		16,857	-	**16,857**	19,990
		16,857	48,710	**65,567**	20,336
		242,224	48,710	**290,934**	135,301

32.1 Income is earned under conventional mark-up arrangement.

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

33. FINANCE COST				
Lease finance charges	-	5,080	**5,080**	5,524
Interest on loans	-	22,886	**22,886**	16,248
Mark-up on loan from related party	379	-	**379**	45
Lease documentation charges	-	17	**17**	51
Bank charges	-	1,307	**1,307**	1,066
	379	29,290	**29,669**	22,934

34. TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to 2019 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.

Reconciliation of income tax expense for the year		
Accounting Profit	**362,083**	89,945
Enacted tax rate	**31%**	32%
Tax on accounting profit at enacted rate	**112,246**	28,782
Tax effect on income exempt from tax	**(38,518)**	12,726
Tax effect of income taxed at different rates	**(41,029)**	(21,870)
Prior year tax effect	**1,006**	-
International taxation effect	**8,082**	18,105
	41,787	37,743

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

35. EARNINGS PER SHARE

Basic			
Profit after taxation for the period		**320,296**	52,202
Average number of ordinary shares in issue during the period	35.1	**89,362**	89,088
Basic - In Rupees		**3.58**	0.59
Diluted			-
Profit after taxation for the period		**320,296**	52,202
Average number of ordinary shares in issue during the period	35.2	**89,946**	89,865
Diluted - In Rupee		**3.56**	0.58

			2017	2016
			Rupees in '000'	
35.1	Weighted average number of ordinary shares (basic)			
	Issued ordinary shares as at July 1		**89,154**	89,046
	Effect of bonus shares issued		**-**	-
	Weighted average of shares issued during the year		**208**	42
	Weighted average number of ordinary shares (basic) as at June 30		**89,362**	89,088
35.2	Weighted average number of ordinary shares (diluted)			
	Weighted average number of ordinary shares	35.1	**89,362**	89,088
	Effect of exercise of share options		**584**	777
	Weighted average number of ordinary shares (diluted) as at June 30		**89,946**	89,865

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

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

	Cheief Executive		Director		Executive	
	2017	2016	**2017**	2016	**2017**	2016
			Rupees in '000'			
Managerial remuneration	**6,400**	6,400	**4,000**	4,000	**1,054,909**	920,657
Retirement benefits	**416**	640	**260**	400	**49,617**	55,795
Rent and house maintenance	**2,560**	2,560	**1,600**	1,600	**421,963**	368,263
Utilities	**640**	640	**400**	400	**105,491**	92,066
Medical expenses	**2,303**	320	**621**	200	**46,926**	46,033
Commision	**-**	-	**-**	-	**13,769**	-
Total	**12,319**	10,560	**6,881**	6,600	**1,692,675**	1,482,814
No. of Persons	**1**	1	**1**	1	**1,103**	1,121

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

During the current year, CEO, CFO and certain executives of the company excersised stock options under employee stock option scheme according to which 481,500 shares (2016: 108,000) were allotted to them respectively.

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

37. CAPITAL MANAGEMENT

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholder value.

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

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

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

Notes to the Accounts

For the year ended June 30, 2017

		2017	2016
		Rupees in '000'	
Total debt	37.1	**1,158,507**	592,935
Less : Cash and cash equivalents		**(874,942)**	(108,473)
Net debt		**283,565**	484,462
Total equity	37.2	**5,692,513**	5,336,416
Gearing ratio (In percentage)		**5.0%**	9.1%

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

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

38. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, directors of the Company, key employees and staff retirement fund. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

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

			2017	2016
			Rupees in '000'	
	Relationship with the Company	**Nature of transactions**		
(i)	Subsidiary	Rental income	**15,958**	18,490
		Provision of services	**5,106**	5,945
		Dividend received	**214,939**	105,468
		Mark-up income	**10**	44
		Mark-up expense	**379**	45
(ii)	Associated undertaking	Rental income	**900**	1,500
		Provision of services	**395,789**	481,909
		Purchase of services	**19,232**	17,783
(iii)	Key Management Personnel	Commission paid to Key Management Personnel	**30,869**	2,129
(iv)	Post Employment benefit	Contribution to defined contribution plan	**74,532**	71,467

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

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

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

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

(a) Credit Risk

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

		2017	2016
		Rupees in '000	
Financial Assets			
Loans and receivables			
Trade debts	39.1	**669,272**	1,198,056
Loans and advances		**9,233**	7,134
Security deposits		**5,449**	7,697
Other receivables		**19,392**	148,427
Due from related parties		**16,055**	20,068
Bank balances	39.2	**724,313**	108,473
		1,443,714	1,489,855

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

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

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

(b) Liquidity risk

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

	2017				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	Rupees in '000'				
Non-derivative financial liabilities					
Finance lease liability	**41,241**	**44,814**	**24,270**	**20,543**	**-**
Long term advances	**6,808**	**6,808**	**3,553**	**3,255**	**-**
Trade and other payables	**384,855**	**384,855**	**384,855**	**-**	**-**
Short-term borrowings	**1,113,713**	**1,169,663**	**1,169,663**	**-**	**-**
	1,546,617	**1,606,140**	**1,582,341**	**23,798**	**-**

Notes to the Accounts

For the year ended June 30, 2017

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

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

(c) Interest Rate Risk

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

	2017	2016
	Rupees in '000'	
Financial assets		
Bank balances	**872,841**	79,193
Financial Liabilities		
Finance lease liability	**41,241**	76,060
Short-term borrowings	**1,113,713**	514,561
	1,154,954	590,621

Sensitivity analysis

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

Impact on Profit and loss account (net of tax)		
As at 30 June		
100 bps increase will result in decrease in profit by	**3,424**	2,648
100 bps decrease will result in increase in profit by	**3,424**	2,648

(d) Foreign Currency Risk

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

Sensitivity analysis

TThe following analysis demonstrates the impact of a 5% strengthening/weakening of the Pak Rupee against other currencies which include UK£, US$ AUS$, RMB¥, THB฿ & UAED at 30 June on equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

		2017	2016
		Rupees in '000'	
	Impact on Profit and loss account (net of tax)		
	As at 30 June		
	Strengthening	**903,426**	408,200
	Weakening	**(903,426)**	(408,200)

(e) Fair Value of Financial Assets and Liabilities

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

39.3 Financial Instruments By Catogory

Financial Assets at amortised cost		
Trade debts	**669,272**	1,198,056
Loans and advances	**9,233**	7,134
Security deposits	**5,449**	7,697
Other receivables	**19,392**	148,427
Due from related parties	**16,055**	20,068
Cash and Bank balances	**724,313**	108,473
Other Financial Assets at Cost		
Long Term Investments	**218,873**	32,455
	1,662,587	1,522,310
Financial liabilities at amortised cost		
Finance lease liability	**41,241**	76,060
Long term advances	**6,808**	4,744
Trade and other payables	**384,855**	402,833
Short-term borrowings	**1,113,713**	514,561
	1,546,617	998,198

40 PROVIDENT FUND RELATED DISCLOSURE

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

	2017 (Unaudited)	2016 (Audited)
	Rupees in '000'	
Size of the fund - Total Assets	**565,326**	476,260
Cost of investment made	**473,285**	373,438
Percentage of investment as size of fund	**88.2%**	82.6%
Fair value of investments	**498,776**	393,259

Notes to the Accounts

For the year ended June 30, 2017

40.1 The breakup of fair value of investments is

	2017		2016	
	Investments Rupees in '000'	**Percentage of investment as size of fund**	Investments Rupees in '000'	Percentage of investment as size of fund
Bank Balances	**369,646**	**65.4%**	301,528	63.3%
Mutual Funds	**7,885**	**1.4%**	20,975	4.4%
Others	**121,245**	**21.4%**	70,756	14.9%
	498,776	**88.2%**	393,259	82.6%

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

41. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2017 and 2016 respectively as follows:

	2017	2016
	No of Employees	
Average number of employees during the year	**1,192**	1,164
Number of employees as at year end	**1,103**	1,213

42. ANNUAL SOFTWARE DEVELOPMENT CAPACITY

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

43. CORRESPONDING FIGURES

				2017	2016
				Rupees in '000'	
Corresponding figures have been re-classified for better presentation, in respect of following:					
Note	From	Note	To		
	Long term deposits	12	Trade deposits & short term-prepayments	**1,600**	1,600

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 22, 2017 by the Board of Directors.

45. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 22, 2017 have recommended a final cash dividend of 14.5% (2016: 5%) i.e., Rs. 1.45 per share (2016: Rs. 0.5 per share). The above recommendations of cash dividend are subject to the approval of the members at the Annual General Meeting to be held on October 24, 2017. These financial statements do not include the effect of the above recommendations and they will be accounted for in the period in which they are approved by the members.

46. FIGURES

Figures have been rounded off to the nearest thousand rupee.

CONSOLIDATED FINANCIAL

STATEMENTS

For the Year Ended June 30, 2017

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H.Y.K & Co.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **NetSol Technologies Limited** (the Holding Company) and its subsidiary company namely **NetSol Innovation (Private) Limited** (together referred to as Group) as at **June 30, 2017** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of **NetSol Technologies Limited** and its subsidiary company. These financial statements are the responsibility of the **NetSol Technologies Limited's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of **NetSol Technologies Limited** and its subsidiary company as at **June 30, 2017** and the results of their operations for the year then ended.

H.Y.K & Co.
Chartered Accountants
Lahore: September 22, 2017

Engagement Partner: Younus Kamran

Consolidated Balance Sheet

As at June 30, 2017

	NOTE	2017	2016
		Rupees in '000'	
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	**1,956,098**	2,261,721
Intangible assets	6	**1,801,409**	2,195,996
		3,757,507	4,457,717
Long term investment	7	**203,685**	17,267
Long term loan to employees	8	**446**	-
		3,961,638	4,474,984
CURRENT ASSETS			
Trade debts	9	**822,323**	1,692,592
Excess of revenue over billing	10	**1,788,568**	618,020
Loans and advances	11	**31,623**	25,625
Trade deposits & short term prepayments	12	**15,126**	25,632
Other receivables	13	**19,889**	44,301
Due from related parties	14	**19,746**	20,068
Taxation - net	15	**51,020**	32,837
Cash & bank balances	16	**1,070,904**	326,902
		3,819,199	2,785,977
TOTAL ASSETS		**7,780,837**	7,260,961

The annexed notes from 1 to 47 form an integral part of these financial statements.

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

	NOTE	2017	2016
		Rupees in '000'	
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	17	**1,500,000**	1,500,000
Issued, subscribed and paid up capital	17	**896,359**	891,544
Share deposit money		**13**	1,490
Reserves	18	**4,947,940**	4,718,507
		5,844,312	5,611,541
Non - controlling Interest		**163,038**	284,470
		6,007,350	5,896,011
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	19	**24,537**	40,744
Deferred income	20	**-**	-
Long term advances	21	**5,309**	8,937
		29,846	49,681
CURRENT LIABILITIES			
Trade and other payables	22	**443,468**	482,488
Unearned revenue	23	**142,471**	271,579
Short term borrowings	24	**1,113,713**	514,561
Current portion of long term liabilities	25	**43,989**	46,641
		1,743,641	1,315,269
CONTINGENCIES & COMMITMENTS	26	**-**	-
TOTAL EQUITY AND LIABILITIES		**7,780,837**	7,260,961

The annexed notes from 1 to 47 form an integral part of these financial statements.

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

Consolidated Profit and Loss Account

For the year ended June 30, 2017

	NOTE	2017	2016
		Rupees in '000'	
Revenue - Net	27	**4,519,197**	4,074,187
Cost of revenue	28	**(3,064,855)**	(2,709,099)
Gross Profit		**1,454,342**	1,365,088
Selling and promotion expenses	29	**(442,704)**	(260,075)
Administrative expenses	30	**(702,001)**	(671,411)
Other operating expenses	31	**(1,630)**	(76,130)
Other income	32	**51,752**	13,669
Operating profit		**359,759**	371,141
Finance cost	33	**(31,286)**	(23,991)
Profit before taxation		**328,473**	347,150
Taxation			
Current year	34	**(41,807)**	(38,180)
Prior year		**(1,272)**	-
		(43,079)	(38,180)
Profit after taxation for the year		**285,394**	308,970
Attributable to:			
Equity holders of NetSol Technologies Limited		**196,311**	129,778
Non - controlling interest		**89,083**	179,192
		285,394	308,970
Earnings per share			
Basic - In Rupees	35	**2.20**	1.46
Diluted - In Rupees	35	**2.18**	1.44

The annexed notes from 1 to 47 form an integral part of these financial statements.

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

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2017

	2017	2016
	Rupees in '000'	
Profit after taxation for the year	**285,394**	308,970
Other comprehensive income	**-**	-
Total comprehensive income for the year	**285,394**	308,970
Attributable to:		
Equity holders of NetSol Technologies Limited	**196,311**	129,778
Non - controlling interest	**89,083**	179,192
	285,394	308,970

The annexed notes from 1 to 47 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended June 30, 2017

	2017	2016
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	**328,473**	347,150
Adjustments for non cash charges and other items:		
Depreciation - own assets	**319,790**	391,517
Amortization of leased assets	**31,247**	27,977
Amortization of intangible assets	**394,587**	315,301
(Gain) / Loss on disposal of fixed assets	**1,630**	(318)
Amortization of deferred revenue	**-**	(10)
Exchange (gain) / loss on debtors	**(34,874)**	76,112
Interest expense	**29,857**	22,762
Interest income	**(11,599)**	(10,104)
Deferred employee compensation expense	**74,653**	
Gain on short term investment	**(3,621)**	(1,719)
Bad debts	**-**	2,335
Donation	**36,363**	80
	838,034	823,933
Cash generated from operations before working capital changes	**1,166,506**	1,171,083
Decrease / (increase) in current assets and liabilities		
Trade debts	**(430,707)**	(1,201,865)
Loans and advances	**(6,444)**	(15,391)
Trade deposits & short term prepayments	**10,506**	506
Other receivables	**24,412**	(21,172)
Due from related parties	**322**	91,244
Trade and other payables	**(49,705)**	29,776
Cash (used in) /generated from operations	**(451,616)**	(1,116,902)
Interest paid	**(22,259)**	(22,853)
Income taxes paid	**(61,262)**	(34,399)
Dividend paid	**(249,952)**	(103,571)
Net cash (used in) / generated from operations	**381,418**	(106,642)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipments purchased	**(77,592)**	(133,304)
Sales proceeds of fixed asset	**33,273**	11,777
Capital work in progress	**(5,125)**	(51,092)
Long Term Investment	**(186,418)**	(17,267)
Gain on investments	**3,621**	1,719
Interest received	**11,599**	10,104
Net cash (used in) investing activities	**(220,642)**	(178,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	**4,815**	1,080
Share deposit money	**(1,477)**	1,477
Share premium	**3,223**	693
Paid against obligation under finance lease	**(72,028)**	(68,340)
Received against obligation under finance lease	**40,138**	53,850
Short term borrowing	**599,152**	101,916
Long term advances	**9,403**	6,920
Net cash generated from financing activities	**583,226**	97,596
Net increase / (decrease) in cash and cash equivalents	**744,002**	(187,109)
Cash and cash equivalents at the beginning of the year	**326,902**	514,011
Cash and cash equivalents at the end of the year	**1,070,904**	326,902

The annexed notes from 1 to 47 form an integral part of these financial statements.

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

Consolidated Statement of Changes in Equity

For the year ended June 30, 2017

	Attributable to owners of the NetSol Technologies Limited						Non Controlling Interest	Total Equity
	Issued, sub-scribed and paid-up capital	Share de-posit money	Employee share option compen-sation reserve	Capital reserve	Revenue reserve	Total		
				Share premi-um	Unap-prop-riat-ed profit			
	Rupees In '000'							
Balance as at June 30, 2015	890,464	13	1,767	297,924	4,288,345	5,478,513	208,574	5,687,087
Total comprehensive income for the year								
Net profit for the year ended June 30, 2016	-	-	-	-	129,778	129,778	179,192	308,970
Other comprehensive income	-	-	-	-	-	-	-	-
Shares deposit money against options exercised	-	3,250				3,250		3,250
Shares issued against options exercised (108,000 shares at Rs. 10 each)	1,080	(1,773)	(160)	853	-	-	-	-
DIstributions to owners								
_ By subsidiary to non-controlling interest cash dividend							(103,296)	(103,296)
	1,080	1,477	(160)	853	129,778	133,028	75,896	208,924
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
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 year								
Net (loss) / profit for the year ended June 30, 2017	-	-	-	-	196,311	196,311	89,083	**285,394**
Shares issued against options exercised (481,500 shares at Rs. 10 each)	4,815	(7,906)	(711)	3,803	-	-	-	**-**
Final cash dividend Rs. 0.5 per share (5% per share)	-	-	-	-	(44,622)	(44,622)	-	**(44,622)**
Options lapsed due to employee resignation	-	-	(579)	-		(579)	-	**(579)**
- By subsidiary to non-controlling interest								
cash dividend							(210,515)	**(210,515)**
Contribution of parent on account of employee share options	-	-	75,232	-	-	75,232		**75,232**
Amount received against option excersied	-	6,429	-	-	-	6,429	-	6,429
	4,815	(1,477)	73,942	3,803	151,689	232,771	(121,432)	**111,339**
Balance as at June 30, 2017	**896,359**	**13**	**75,549**	**302,580**	**4,569,812**	**5,844,312**	**163,038**	**6,007,350**

The annexed notes from 1 to 47 form an integral part of these financial statements.

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

Notes to the Consolidated Accounts

For the year ended June 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group ("the Group") consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

NetSol Technologies Limited ('the Company") 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 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 provision of related services in Pakistan as well as abroad. The registered office of the Company is situated NetSol IT Village,(Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (the SECP) differ with the requirements of these standards, requirements of the Ordinance or the requirements of the said directives take precedence.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Accounting policies

The accounting policies adopted for the preparation of these consolidated 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, 2016.

2.5 Standards and interpretations that became effective

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

IFRS 10	Consolidated Financial Statements (Amendments)
IFRS 12	Disclosure of Interests in Other Entities (Amendments)
IAS 27	Separate Financial Statements – Investment Entities (Amendments)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of Disposal (Amendments)
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed
IAS 19	Employee Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting

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

		Effective for periods beginning on or after
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	Jan-01 2018
IFRS 10	Consolidated Financial Statements	Not yet finalized
IAS 28	Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized
IAS 7	Statement of Cash flows	Jan-01 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	Jan-01 2017
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	Jan-01 2018
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	Jan-01 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan-01 2018
IFRIC 23	Uncertainty over Income Tax Treatments	Jan-01 2019

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

2.7 Basis of Consolidation

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

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

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

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

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

Notes to the Consolidated Accounts

For the year ended June 30, 2017

3. USE OF ESTIMATES AND JUDGMENT

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

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

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

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

i. Provision for doubtful debts
ii. Provision for taxation
iii. Useful life of depreciable assets
iv. Useful life of intangible assets
v. Contingencies

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property Plant and equipment

(i) Owned assets

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

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

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

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

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

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

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

(ii) Assets subject to finance lease

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

Assets acquired under finance lease are amortized over the useful life of the assets using reducing balance method at the rates given in note 5.6.

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

(iii) Capital work in progress

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

4.2 Intangible assets

Research and software products development

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

There are two components of intangible assets:

a. In-house developed intangible assets

b. Intangible assets acquired from market

(a) In-house developed intangible assets

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

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

(b) Intangible assets acquired from market

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

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

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

4.3 Impairment

(a) Financial Asset

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

Notes to the Consolidated Accounts

For the year ended June 30, 2017

(b) Non Financial Asset

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

4.4 Foreign currency translation

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

4.5 Staff benefits

(i) Retirement benefits

The Group operates contributory provident fund for all its permanent staff. Contributions are made equally by the Group and the employee at 8% of basic salary in the provident fund on monthly basis. Group's contribution is recognised as a cost in the profit and loss account. The fund is administrated by the Trustees.

(ii) Short-term benefits

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

(iii) Employees' share option scheme

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

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

4.6 Taxation

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Charge for tax expense also includes adjustments where necessary, relating to prior years which arise from assessments finalised during the current year.

4.7 Creditors, accruals and provisions

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

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

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

4.8 Trade debts

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

4.9 Cash and cash equivalents

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

4.10 Revenue recognition

(i) License sale

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

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

(ii) Rendering of services

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

(iii) Maintenance

Revenue from maintenance is recognized on time proportion basis.

(iv) Sale of hardware and third party software

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

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

(v) Miscellaneous

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

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

Rental income is recognized on time proportion basis.

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

Miscellaneous income is recognized on receipt basis.

Notes to the Consolidated Accounts

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4.11 Borrowing costs

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

4.12 Off-setting of financial asset and liability

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

4.13 Financial instruments

(i) Financial assets

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

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

(a) Held to maturity investments

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

(b) Loans and receivables

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

(c) Available for sale investments

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

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

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

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

(ii) Financial liabilities

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

4.14 Dividend and appropriation to reserves

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

4.15 Leasing

(i) Operating Leases

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

(ii) Finance Leases

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

4.16 Related party transactions

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

4.17 Fair value

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

4.18 Segment reporting

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

4.19 Investments

Investments are stated at cost less any impairment losses.

4.20 Earnings Per Share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the Consolidated Accounts

For the year ended June 30, 2017

			2017	2016
			Rupees in '000'	
5.	**PROPERTY PLANT & EQUIPMENT**			
	Net book value of owned assets	5.1	1,841,526	2,100,708
	Net book value of leased assets	5.5	107,611	159,177
	Capital Work in Progress	5.7	6,961	1,836
			1,956,098	2,261,721

5.1 Following is statement of owned assets

Particulars	2017								
	COST			DEPRECIATION					Net book value as at June 30, 2017
	As at Jul 01, 2016	Additions / (Deletions)	As at June 30, 2017	Rate %	As at Jul 01, 2016	Adjustment during the year	Charge for the year	As at June 30, 2017	
	Rupees In '000'								
Tangible Assets									
Land - freehold	254,229	-	254,229	-	-	-	-	-	254,229
Building on free hold land	952,561	- -	952,561	5	157,811	-	39,737	197,548	755,013
Furniture & fixtures	72,960	3,707 (1,409)	75,258	10	16,790	- (865)	5,849	21,774	53,484
Vehicles	94,087	51,911 (47,278)	98,720	20	52,486	13,189 (11,812)	8,914	62,778	35,942
Computers	1,454,007	54,990 (13,171)	1,495,825	20~33	905,734	21,109 (11,939)	153,331	1,068,234	427,591
Air conditioners	39,700	21,590 -	61,290	10	8,460	5,393	3,881	17,734	43,556
Office equipment	53,626	5,255 (145)	58,737	10	16,623	(86)	3,929	20,466	38,271
Electric fittings	49,371	-	49,371	10	5,989	-	4,338	10,327	39,044
Generator	41,509	-	41,509	10	14,435	-	2,708	17,143	24,366
Leasehold improvements	40,617	-	40,617	20	11,277	-	18,658	29,936	10,681
Intangible Assets									
Software	885,521	147	885,668	33	647,875		78,443	726,319	159,349
	3,938,188	137,600 (62,003)	4,013,785		1,837,480	39,690 (24,702)	319,789	2,172,259	1,841,526

The detail for assets disposed off during the year is given in note 5.4.

Particulars	2016								
	COST			DEPRECIATION					Net book value as at Jun 30, 2016
	As at Jul 01, 2015	Additions / (Deletions)	As at Jun 30, 2016	Rate %	As at Jul 01, 2015	Adjustment during the year	Charge for the year	As at Jun 30, 2016	
	Rupees In '000'								
Tangible Assets									
Land - freehold	254,229	-	254,229	-	-	-	-	-	254,229
Building on free hold land	906,663	45,898	952,561	5	117,669	-	40,142	157,811	794,750
Furniture & fixtures	62,613	10,407	72,960	10	11,049	-	5,761	16,790	56,170
		(60)				(19)			
Vehicles	83,539	85,938	94,087	20	43,139	10,586	9,176	52,486	41,601
		(75,390)				(10,415)			
Computers	1,403,218	52,264	1,454,006	20~33	705,247	3,578	198,097	905,733	548,273
		(1,476)				(1,189)			
Air conditioners	36,478	3,385	39,700	10	5,204		3,338	8,460	31,240
		(163)				(82)			
Office equipment	44,287	9,348	53,627	10	12,985		3,644	16,624	37,003
		(8)				(5)			
Electric fittings	49,371	-	49,371	10	1,169	-	4,820	5,989	43,382
Generator	34,137	7,372	41,509	10	11,655	-	2,779	14,435	27,074
Leasehold improvements	21,236	19,381	40,617	20	4,546	-	6,731	11,277	29,340
Intangible Assets									
Software	885,465	56	885,521	33	530,846		117,030	647,875	237,646
	3,781,236	234,049	3,938,188		1,443,510	14,164	391,518	1,837,480	2,100,708
		(77,097)				(11,710)			

			2017	2016
			Rupees in '000'	
5.2	**Depreciation is allocated in the following manner**			
	Cost of revenue	28	**245,675**	296,741
	Administrative expenses	30	**74,115**	94,776
			319,790	391,517

Notes to the Consolidated Accounts

For the year ended June 30, 2017

5.3 Leasehold improvements have been fully depreciated in current year by charging accelerated depreciation of Rs. 12.790 Million.

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

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of Disposal	Particulars of Purchaser
	Rupees In '000'					
Vehicle	925	633	292	100	Company Policy	Ghazal Mirza (Employee)
Vehicle	35,038	6,813	28,225	30,000	Negotiation	Riffat Zamani
Vehicle	1,575	499	1,076	1542	Company Policy	Sohail Iqbal (Employee)
Other items having net book value of less than Rs. 50,000 each	24,465	16,756	7,709	4,030	Negotiation	Various
2017	**62,003**	**24,702**	**37,302**	**35,672**		
2016	77,097	11,708	65,390	65,627		

5.5 Following is statement of leased assets

Particulars	2017								
	COST			DEPRECIATION					Net book value as at June 30, 2017
	As at Jul 01, 2016	Additions / (Deletions)	As at June 30, 2017	Rate %	As at Jul 01, 2016	Adjustment during the year	Charge for the year	As at June 30, 2017	
	Rupees In '000'								
Vehicles	**142,671**	**40,138**	**133,960**	**20**	**28,364**	**-**	**26,082**	**41,257**	**92,703**
		(48,848)				**(13,189)**			
Computers	**41,066**	**-**	**8,908**	**33**	**24,383**	**-**	**2,955**	**6,229**	**2,679**
		(32,158)				**(21,109)**			
Air conditioners	**19,140**	**-**	**-**	**10**	**4,541**		**852**	**-**	**-**
		(19,140)				**(5,393)**			
Generator	**17,045**	**-**	**17,045**	**10**	**3,457**	**-**	**1,359**	**4,816**	**12,229**
	219,922	**40,138**	**159,913**		**60,745**	**(39,690)**	**31,247**	**52,302**	**107,611**
		(100,145)							

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

			2017	2016
			Rupees in '000	
5.6	**Amortization is allocated in the following manner**			
	Cost of revenue	28	**24,416**	21,697
	Administrative expenses	30	**6,831**	6,280
			31,247	27,977
5.7	**Capital work in progress**			
	Capital work in progress		**6,961**	1,836
			6,961	1,836
	5.7.1 The movement in capital work-in-progress during the year is as under:			
	Opening Balance		**1,836**	23,651
	Additions during the year		**56,002**	53,943
	Transfers:			
	Building		**-**	45,898
	Leasehold Improvements		**-**	19,381
	Furniture and Fixtures		**-**	3,274
	Computers		**-**	214
	Office equipments		**-**	689
	Generator		**-**	3,680
	Air conditioners		**-**	1,297
	Vehicles		**50,877**	1,325
			(50,877)	(75,758)
			6,961	1,836

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

5.7.3 During the year borrowing cost amounting to Rs. Nil (2016 : Rs. 0.383 million) has been capitalized using capitalization rate of 0% pa (2016 : 4%) in the capital work in progress pertaining to construction of building.

6. INTANGIBLE ASSETS

Particulars	2017							
	COST			AMORTISATION				Net book value as at June 30, 2017
	As at Jul 01, 2016	Additions / (Deletions)	As at June 30, 2017	Rate %	As at Jul 01, 2016	Charge for the year	As at June 30, 2017	
	Rupees In '000'							
In-house Developed Software								
NFS Ascent	**2,935,038**	**-**	**2,935,038**	**10**	**840,125**	**293,504**	**1,133,629**	**1,801,409**
NetSol Financial Suite	**213,225**	**-**	**213,225**	**10 ~ 20**	**213,225**	**-**	**213,225**	**-**
SMART	**137,149**	**-**	**137,149**	**10**	**96,005**	**41,144**	**137,149**	**-**
HMIS	**35,146**	**-**	**35,146**	**10**	**9,079**	**26,067**	**35,146**	**-**
Business Intelligence Scoring Model & Risk Management	**45,671**	**-**	**45,671**	**10**	**11,799**	**33,872**	**45,671**	**-**
	3,366,229	**-**	**3,366,229**		**1,170,233**	**394,587**	**1,564,820**	1,801,409

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

			2017	2016
			Rupees in '000'	
6.1	**Amortization is allocated in the following manner**			
	Cost of revenue	28	**394,587**	315,301

6.2 In house developed softwares namely SMART, HMIS & Business Intelligence have been fully amortized in current year by charging accelerated amortization of Rs. 90.184 Million.

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

			2017	2016
			Rupees in '000'	
7.	**LONG TERM INVESTMENTS - at cost**			
	Related parties			
	WRLD3D Limited (Unquoted company) (Formerly EEGEO Inc.)	7.1	**203,685**	17,267
			203,685	17,267

7.1 .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 purchase 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 June 30, 2017, the Company has provided cash and services valued at $1,945,909 (PKR 203,685,000) which is recorded as investment. Mr. Faizaan Ghauri is the Chief Executive Officer of WRLD3D Limited (formerly eeGeo, Inc.)

7.1.2 In connection with the investment, the Company received a warrant to purchase preferred stock which are exercise into share of the 'Next Round Preferred" , only if and when the Next Round Preferred is issued by WRLD3D Limited (formerly eeGeo, Inc.), in a 'Qualified Financing". The warrants expire on March 2, 2020.

8.	**LONG TERM LOANS TO EMPLOYEES-Unsecured**		
	Considered good		
	Loan to employees		
	- to executives	**8,212**	6,984
	- to non-executives	**1,021**	-
	Less: current maturity	**(8,787)**	(6,984)
		446	-

8.1 Loans are given to employees for their personal needs and deducted from salaries. Maximum balance outstanding against loans to employees at the end of any month during the year was Rs. 9.233 million (2016: Rs. 11.5 million).

8.2 Reconciliation of the carrying amount of loans to executives

	2017	2016
	Rupees in '000'	
Balance at the beginning of the year	**6,984**	3,096
Disbursements during the year	**5,130**	15,938
Received during the year	**(3,902)**	(12,050)
Balance at the end of the year	**8,212**	6,984

9. TRADE DEBTS

		2017	2016
		Rupees in '000'	
Considered good - unsecured	9.2	**822,323**	1,692,592
Considered doubtful - unsecured	9.3	**35,225**	48,748
		857,548	1,741,340
Less: provision for doubtful debts		**(35,225)**	(48,748)
		822,323	1,692,592

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

	2017	2016
	Rupees in '000'	
1Insurer Limited UK	**121,904**	256,055
The Innovation Group - UK BPS	**20,739**	14,834
1Insurer Inc, USA	**10,408**	223,647
NetSol Technologies (Thailand) Limited	**97,439**	183,968
NetSol Technologies (Beijing) Company Limited	**121,937**	163,364
NetSol Australia Pty. Limited	**9,475**	28,759
	381,901	870,627

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

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

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

	2017	2016
	Rupees in '000'	
Balance as at July 1	**48,748**	51,850
Provision made during the year	**36,194**	-
Write offs during the year	**(49,717)**	(3,102)
Balance as at June 30	**35,225**	48,748

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

	2017		2016	
	Rupees in '000'		Rupees in '000'	
	Gross	**Impaired**	Gross	Impaired
Not past due	**49,823**	**-**	124,699	-
Past due 1-180 days	**448,425**	**-**	1,154,007	-
Past due 181 days -1 year	**158,304**	**-**	442,146	-
More than one year	**200,996**	**-**	20,488	-
Total	**857,548**	**-**	1,741,340	-

Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that trade debtors past due up to one year do not require any impairment and no impairment allowance is necessary in respect of remaining portion of past due over one year.

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

Notes to the Consolidated Accounts

For the year ended June 30, 2017

	Gross	Impaired	Gross	Impaired
Not past due	**38,828**	**-**	67,578	-
Past due 1-180 days	**105,067**	**-**	372,583	-
Past due 181 days -1 year	**106,084**	**-**	412,450	-
More than one year	**131,923**	**-**	18,016	-
Total	**381,901**	**-**	870,627	-

10. EXCESS OF REVENUE OVER BILLING

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

		2017	2016
		Rupees in '000'	
11. LOANS AND ADVANCES - Unsecured			
Considered good			
Current maturity of loans to employees	8	**8,787**	6,984
Advances			
- to executives	11.1	**111**	159
- against expenses		**22,725**	18,482
		31,623	25,625

11.1 The advances to executives are given to meet business expenses and are settled as and when the expenses are incurred. Maximum balance outstanding against advances to executives at the end of any month during the year was Rs. 1.108 million (2016 : Rs. 1.251 million)

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposit		**5,721**	9,580
Prepayments		**9,405**	16,052
		15,126	25,632
13. OTHER RECEIVABLES			
Guarantee margin		**673**	493
Sales Tax Refundable		**-**	687
Other receivable - considered good	13.1	**19,216**	43,121
		19,889	44,301

13.1 Other receivable include travel expenses amounting to Rs. 18.5 million (2016: Rs. 7.6 million) to be invoiced to the customers.

14. DUE FROM RELATED PARTIES		
NetSol Connect (Private) Limited	**13,219**	6,232
NetSol Technologies Limited Inc	**3,691**	–
NetSol Technologies (Beijing) Limited	**2,836**	13,836
	19,746	20,068

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

14.2 The maximum aggregate amount outstanding due to related party at the end of any month during the period was Rs.178.656 million (2016 : Rs.215.08 million).

15. TAXATION - NET		
Tax receivable as at 1 July	**32,837**	36,618
Tax payments	**13,128**	16,294
Tax adjustments	**11,912**	-
Provision for taxation	**(6,857)**	(20,075)
	51,020	32,837

16. CASH AND BANK BALANCES		2017	2016
With banks		Rupees in '000'	
Saving accounts	16.1	**882,440**	257,896
Current accounts		**88,326**	47
Foreign currency current account		**97,958**	64,317
		1,068,724	322,260
In hand		**2,180**	4,642
		1,070,904	326,902

16.1 The balances in savings accounts bear mark up at 3% to 4.5% per annum. (2016 : 4% to 4.5% per annum)

17. SHARE CAPITAL

17.1 Authorised share capital

2017	2016		2017	2016
Number of shares			Rupees in '000'	
150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	**1,500,000**	1,500,000

17.2 Issued, subscribed & paid-up capital

42,485,191	42,003,691	Ordinary Shares of Rs. 10 each fully paid in cash	**424,852**	420,037
47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**471,507**	471,507
89,635,923	89,154,423		**896,359**	891,544

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

Number of shares outstanding as at July 1	**89,154,423**	89,046,423
Ordinary Shares of Rs. 10 issued against options exercised	**481,500**	108,000
Number of shares outstanding as at June 30	**89,635,923**	89,154,423

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

17.5 There are outstanding options granted to subscribe for ordinary shares of the holding Company granted under the employee share option plan as disclosed in Note 18.1.1

17.6 NetSol Technologies Inc. 24025, Park Sorrento, Suite 410, Calabasas CA 91302, is the parent company holding 66.20% (2016 : 66.56%) of issued capital of the Company.

17.7 The holding Company is not subject to any externally imposed capital requirements for the financial years 2016 and 2017.

18. RESERVES

Capital reserve			
Premium on issue of ordinary shares		**302,579**	298,777
Revenue reserve			
Un - appropriated profit		**4,569,812**	4,418,123
Employee share option compensation reserve	18.1	**75,549**	1,607
		4,947,940	4,718,507

18.1 EMPLOYEE SHARE OPTION COMPENSATION RESERVE

Balance at the beginning of the period	**1,607**	1,767
Options lapsed due to employee resignation	**(579)**	-
Amount transferred to Capital reserve on exercise of options	**(711)**	(160)
Contribution of parent on account of employee share options	**75,232**	-
Balance at the end of the period	**75,549**	1,607

Notes to the Consolidated Accounts

For the year ended June 30, 2017

18.1.1 Employee Stock Option Scheme

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

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

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

	2017	2016
	Number of Options	
Options outstanding at the beginning of the year	**1,088,000**	1,196,000
Options issued during the year	**-**	-
Options lapsed during the year	**(392,000)**	-
Options exercised during the year	**(481,500)**	(108,000)
Options outstanding at the end of the year	**214,500**	1,088,000

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	**52,835**	84,725
Current portion of obligations shown under current liabilities	**(28,298)**	(43,981)
	24,537	40,744

Present value of minimum lease payments have been discounted at an implicit interest rate ranging between 7.6 % to 11% (2016 : 8 % to 11.67%) to arrive at their present value. The lessee has the option to purchase the assets after expiry of the lease term.

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

	2017		
	Minimum Lease Payment	**Future Finance Charges**	**Present Value of Lease Liability**
Not later than one year	**31,372**	**3,076**	**28,297**
Later than one year but not later than five years	**25,943**	**1,408**	**24,536**
	57,316	**4,483**	**52,832**

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

		2017	2016
		Rupees in '000'	
20.	**DEFERRED INCOME**		
	Opening balance	**-**	10
	Addition during the period	**-**	-
		-	10
	Amortized during the period	**-**	(10)
	Un amortized gain on sale and lease back transaction	**-**	-

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

		2017	2016
21.	**LONG TERM ADVANCES**	Rupees in '000'	
	Long term advances	**21,000**	11,597
	Less: Current portion	**(15,691)**	(2,660)
		5,309	8,937

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

22.	**TRADE AND OTHER PAYABLES**			
	Creditors		**41,072**	53,523
	Accrued liabilities		**214,207**	217,868
	Interest accrued - secured		**12,200**	4,602
	Due to related party	22.1	**102,123**	138,422
	Withholding tax		**51,440**	31,423
	Provident fund payable		**13,718**	32,488
	Unclaimed dividend		**5,426**	2,339
	Other payables		**2,056**	1,823
	Sales tax payable		**1,226**	-
			443,468	482,488
22.1	**Due to related party**			
	Parent			
	NetSol Technologies Inc.		**101,355**	134,936
	Associated			
	NetSol Technologies Europe Ltd		**768**	3,486
			102,123	138,422

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

22.1.2 The maximum aggregate amount outstanding due to related party at the end of any month during the period was Rs. 439.520 (2016: Rs. 497.390 million)

23. UNEARNED REVENUE

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

It includes Rs. 0.510 million (2016 : 2.032 million) against NetSol Technologies Australia Pty. Limited.

Notes to the Consolidated Accounts

For the year ended June 30, 2017

			2017	2016
24.	**SHORT TERM BORROWINGS**		Rupees in '000'	
	Export refinance - secured	24.1	**1,000,000**	400,000
	Loan from related party	24.2	**113,713**	114,561
			1,113,713	514,561
24.1	EXPORT REFINANCE - SECURED			
	Askari Bank Limited - ERF	24.1.1	**500,000**	400,000
	Samba Bank Limited - ERF	24.1.2	**200,000**	-
	Samba Bank Limited - LAPC	24.1.2	**300,000**	-
			1,000,000	400,000

24.1.1.1 The facility for export refinance (ERF) is available from Askari Bank Limited amounting upto Rs 500 million (2016 : Rs 400 million), availed Rs. 500 million (2016 : 400 million) It carries mark-up of State Bank Refinance Rate+1% per annum (2016 : State Bank Refinance Rate+1% per annum). The interest rate charged was 3% (2016 : 4.5 to 6%) for the fiscal year 2017. The due balance is payable bi-annually.

24.1.1.2 A facility for issuance of guarantees (LG) is available from Askari Bank Limited upto Rs. 100 million (2016 : Rs. 100 million), availed Rs. 7.977 million. (2016 : Rs. 7.062 million)

24.1.1.3 A sublimit of LG is available from Askari Bank Limited for corporate credit cards upto Rs. 6 million (2016 : Rs. 4 million)

24.1.1.4 The company has a running finance facility from Askari Bank Limited as a sublimit to LG facility upto Rs. 75 million (2016 : 75 million) for working capital requirement. As at June 30, 2017 there is no balance outstanding against this facility. It carries markup at the rate of 3 month Kibor + 2%. (2016 : 3 month Kibor + 2%)

24.1.1.5 The facilities from Askari Bank Limited are secured by way of charge over the Company's all present and future current assets amounting to Rs. 767 million including first charge of Rs. 536 million, 1st Pari Passu charge of Rs. 98 million and ranking charge of Rs. 133 million (2016: Rs. 634 million) and charge of Rs. 767 million over fixed assets of the company, including 1st Pari Passu charge of Rs. 680 million and Ranking charge of Rs. 86.67 million. (2016: Rs. 680 million).

The facilities from Askari bank are secured by way of 1st equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt.

24.1.2.1 The facility for export refinance (ERF) is available from SAMBA Bank Limited amounting upto Rs 500 million (2016 : Nil), availed Rs. 200 million (2016 : Nil) It carries mark-up at State Bank Refinance Rate + 1% per annum (2016 : Nil). Interest rate charged was 3% (2016 : Nil) for the fiscal year 2017. The due balance is payable bi-annually.

24.1.2.2 The facility for export refinance (LAPC) is available from SAMBA Bank Limited amounting upto Rs 500 million (2016 : Nil), availed Rs. 300 million (2016 : Nil). This is a sublimit of ERF. It carries markup at the rate of 3 month Kibor + 2%. (2016 : Nil). The due balance is payable bi-annually.

24.1.2.3 The facilities from SAMBA bank limited are secured by way of ranking charge over Company's all present and future current assets amounting to Rs. 667 million (2016: Nil) and ranking charge of Rs. 667 million over fixed assets of the company (2016: Nil). These charges will be upgraded to 1st Pari Passu charge in the coming quarter.

The facilities from SAMBA bank are secured by way of 2nd ranking equitable mortgage over 9 Kanal, 2 Kanal and 16 Marla properties, all located at Ghazi road, Lahore Cantt.

24.2 This represent short term interest free loan of USD 1,086,254 (2016: US$ 1,086,254) from the holding company.

25.	**CURRENT PORTION OF LONG TERM LIABILITIES**			
	Current portion of lease liability	19	**28,298**	43,981
	Current portion of long term advances	21	**15,691**	2,660
			43,989	46,641

26. CONTINGENCIES & COMMITMENTS

26.1 Contingencies

26.1.1 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.

26.1.2 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.

26.2 Commitments

26.2.1 The Company has issued worth Rs. 7.977 million (2016: 7.062 million) bank guarantees and bid bonds to LESCO and various customers against sale of software and allied services.

26.2.2 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.

			2017	2016
27.	**REVENUE - NET**	Note	**Rupees in '000'**	
	Export Revenue			
	License		**1,235,983**	430,422
	Services		**2,464,503**	2,872,238
	Maintenance		**806,990**	738,790
			4,507,476	4,041,450
	Local Revenue			
	Services		**3,053**	27,470
	Maintenance		**10,543**	10,505
			13,596	37,975
	Sales tax		**(1,875)**	(5,238)
			4,519,197	4,074,187

Notes to the Consolidated Accounts

For the year ended June 30, 2017

		Note	2017	2016
			Rupees in '000'	
28.	**COST OF REVENUE**			
	Salaries & benefits	28.1	**1,934,948**	1,611,144
	Consultancy charges		**76,304**	77,819
	Hardware and other material cost		**1,899**	9,461
	Software licences		**543**	6,867
	Staff training		**4,695**	7,002
	Rent, rates & taxes		**12,137**	10,805
	Travelling & conveyance		**127,381**	127,895
	Communication		**39,328**	39,906
	Utilities		**28,041**	35,207
	Printing & stationery		**2,637**	4,819
	Entertainment		**50,171**	60,353
	Insurance		**2,609**	2,156
	Vehicle running & maintenance		**32,926**	22,519
	Repair & maintenance		**81,284**	55,024
	Fee & subscription		**5,274**	4,383
	Depreciation	5.2	**245,675**	296,741
	Amortization of leased assets	5.5	**24,416**	21,697
	Amortization of intangible assets	6.1	**394,587**	315,301
			3,064,855	2,709,099

28.1. Salaries and benefits include Rs. 74.706 million (2016 : Rs. 80.981 million) in respect of retirement benefits.

29.	**SELLING AND PROMOTION EXPENSES**			
	Salaries & benefits	29.1	**196,408**	122,661
	Staff training		**17**	-
	Rent, rates & taxes		**15,022**	12,850
	Travelling and conveyance		**44,178**	29,313
	Communication		**2,085**	1,805
	Utilities		**1,061**	1,105
	Printing & stationery		**898**	536
	Entertainment		**2,803**	2,221
	Insurance		**1,525**	534
	Vehicle running expenses		**4,619**	3,069
	Repairs and maintenance		**1,956**	7,210
	Commission on sales		**145,064**	69,071
	Tender money		**-**	158
	Sale promotional expenses		**27,068**	9,542
			442,704	260,075

29.1 Salaries and benefits include Rs. 2.806 million (2015 : Rs. 2.312 million) in respect of retirement benefits.

			2017	2016
30.	**ADMINISTRATIVE EXPENSES**	Note	**Rupees in '000'**	
	Salaries and benefits	30.1	**337,699**	295,056
	Staff training		**155**	540
	Rent, rates and taxes		**22,087**	15,971
	Travelling and conveyance		**31,610**	18,117
	Communication & postage		**9,823**	6,815
	Printing and stationery		**1,439**	1,715
	Utilities		**14,533**	13,979
	Entertainment		**32,320**	31,253
	Insurance		**3,887**	3,498
	Advertisement		**384**	1,698
	Vehicle running expenses		**7,314**	15,669
	Repairs and maintenance		**33,800**	65,252
	Legal and professional charges		**5,498**	7,409
	Auditors remuneration	30.2	**4,600**	4,625
	News papers & periodicals		**141**	312
	Office supplies		**5,877**	6,983
	Charity & donation	30.3	**27,354**	22,020
	Fee & subscription		**4,987**	8,493
	Miscellaneous expenses		**150**	150
	Research and development cost		**41,203**	48,465
	Bad debts		**-**	2,335
	Provision for doubtful debts		**36,194**	-
	Depreciation	5.2	**74,115**	94,776
	Amortization of leased assets	5.6	**6,831**	6,280
			702,001	671,411

30.1 Salaries and benefits include Rs. 9.266 million (2016 : Rs. 10.038 million) in respect of retirement benefits.

30.2 Auditors remuneration

Audit fee	**2,500**	2,200
Certifications of group reporting	**900**	1,100
Professional services	**550**	675
Out-of-pocket expenses	**650**	650
	4,600	4,625

30.3 Charity & donation

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

Name of Donee and address	**Name of interested directors and nature of interest**		
Shahid Javed Burki Institute of Public Policy at NETSOL	Shahid Javed Burki - Chairman Member Board of Directors	**10,462**	6,625
(126-B Ahmad Block, New Garden Town, Lahore)	Salim Ghauri - Member Board of Directors		

31.	**OTHER OPERATING EXPENSES**		
	Loss on disposal of assets	**1,630**	18
	Loss on foreign currency translation	**-**	76,112
		1,630	76,130

Notes to the Consolidated Accounts

For the year ended June 30, 2017

		Note	2017	2016
			Rupees in '000'	
32.	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposits		**11,599**	10,014
	Profit on short term investment		**3,621**	1,719
	Mark up on loans		**758**	90
			15,978	11,823
	Income from non-financial assets			
	Gain on foreign currency translation		**34,874**	-
	Gain on disposal of assets		**-**	336
	Amortization of deferred revenue		**-**	10
	Rental income		**900**	1,500
			35,774	1,846
			51,752	13,669
33.	**FINANCE COST**			
	Lease finance charges		**6,213**	6,424
	Interest on loans		**23,644**	16,338
	Lease documentation charges		**21**	55
	Bank charges		**1,408**	1,174
			31,286	23,991

34. TAXATION

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

Reconciliation of income tax expense for the year

Accounting Profit	**328,473**	347,150
Enacted tax rate	**31%**	32%
Tax on accounting profit at enacted rate	**101,827**	111,088
Tax effect on income exempt from tax	**(26,493)**	(68,851)
Tax effect of income taxed at different rates	**(41,609)**	(22,162)
Prior year adjustment	**1,272**	
International taxation effect	**8,082**	18,105
	43,079	38,180

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

35. EARNINGS PER SHARE

Basic			
Profit after taxation for the period		**196,311**	129,778
Average number of ordinary shares in issue during the period	35.1	**89,362**	89,088
Basic - In Rupees		**2.20**	1.46
Diluted			
Profit after taxation for the period		**196,311**	129,778
Average number of ordinary shares in issue during the period	35.2	**89,946**	89,865
Diluted - In Rupee		**2.18**	1.44

35.1 Weighted average number of ordinary shares (basic)

		2017	2016
		Rupees in '000'	
Issued ordinary shares as at July 1		**89,154**	89,046
Effect of bonus shares issued		**-**	-
Weighted average of shares issued during the year		**208**	42
Weighted average number of ordinary shares (basic) as at June 30		**89,362**	89,088

35.2 Weighted average number of ordinary shares (diluted)

Weighted average number of ordinary shares (basic)	35.1	**89,362**	89,088
Effect of exercise of share options		**584**	777
Weighted average number of ordinary shares (diluted) as at June 30		**89,946**	89,865

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2017	2016	**2017**	2016	**2017**	2016
	Rupees in '000'					
Managerial remuneration	**6,400**	6,400	**4,000**	4,000	**1,215,488**	1,139,405
Retirement benefits	**416**	640.00	**260**	400	**61,597**	67,586
Rent and house maintenance	**2,560**	2,560	**1,600**	1,600	**486,194**	455,762
Utilities	**640**	640	**400**	400	**121,549**	113,941
Medical expenses	**2,303**	320	**621**	200	**53,894**	56,970
Commission	**-**	-	**-**	-	**13,769**	-
Total	**12,319**	10,560	**6,881**	6,600	**1,952,492**	1,833,664
No. of Persons	**1**	1	**1**	1	**1,265**	1,309

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

During the current year, CEO, CFO and certain executives of the company excersised stock options under employee stock option scheme according to which 481,500 shares (2016: 108,000) were allotted to them respectively.

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

37. CAPITAL MANAGEMENT

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholder value.

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

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

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

		2017	2016
		Rupees in '000'	
Total debt	37.1	**1,182,239**	601,946
Less : Cash and cash equivalents		**(1,070,904)**	(326,902)
Net debt		**111,335**	275,044
Total equity	37.2	**6,007,350**	5,896,011
Gearing ratio (In percentage)		**2%**	5%

Notes to the Consolidated Accounts

For the year ended June 30, 2017

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

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

38. TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, associated undertakings, directors of the Company, key employees and staff retirement fund. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

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

			2017	2016
			Rupees in '000'	
	Relationship with the Group	**Nature of transactions**		
(i)	Associated undertaking	Rental Income	**900**	1,500
		Provision of services	**989,289**	1,340,284
		Purchase of services	**19,233**	21,218
(ii)	Key Management Personnels	Commission paid to Key Management Personnel	**30,869**	2,129
(iii)	Post Employment benefit	Contribution to defined contribution plan	**86,779**	93,331

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

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

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

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

(a) Credit Risk

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

		2017	2016
		Rupees in '000'	
Financial Assets			
Trade debts	39.1	**857,548**	1,741,340
Loans and advances		**8,898**	7,143
Security deposits		**5,721**	7,980
Other receivables		**19,889**	43,121
Due from related parties		**19,746**	20,068
Bank balances	39.2	**1,068,724**	322,260
		1,980,526	2,141,912

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

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

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

(b) Liquidity risk

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

	2017				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	Rupees in '000'				
Non-derivative financial liabilities					
Finance lease liability	**52,832**	**57,316**	**31,372**	**25,943**	**-**
Long term advances	**-**	**21,000**	**15,691**	**5,309**	**-**
Trade and other payables	**443,468**	**443,468**	**443,468**	**-**	**-**
Short-term borrowings	**1,113,713**	**1,169,663**	**1,169,663**	**-**	**-**
	1,610,013	**1,691,447**	**1,660,195**	**31,252**	**-**

Notes to the Consolidated Accounts

For the year ended June 30, 2017

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

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

(c) Interest Rate Risk

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

	2017	2016
	Rupees in '000'	
Financial assets		
Bank balances	**882,440**	257,896
Financial Liabilities		
Finance lease liability	**52,835**	84,725
Long term loan	**-**	-
Short-term borrowings	**1,113,713**	514,561
	1,166,548	599,286

Sensitivity analysis

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

Impact on Profit and loss account (net of tax)		
As at 30 June		
100 bps increase will result in decrease in profit by	**3,429**	2,706
100 bps decrease will result in increase in profit by	**3,429**	2,706

(d) Foreign Currency Risk

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

Sensitivity analysis

The following analysis demonstrates the impact of a 5% strengthening/weakening of the Pak Rupee against other currencies which include UK£ US$, AUS$, RMB¥, THB & UAED at 30 June on equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	2017	2016
	Rupees in '000'	
Impact on Profit and loss account (net of tax)		
As at 30 June		
Strengthening	**1,069,356**	605,689
Weakening	**(1,069,356)**	(605,689)

(e) Fair Value of Financial Assets and Liabilities

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

39.3 Financial Instruments By Category

Financial Assets at amortised cost		
Trade debts	**822,323**	1,692,592
Loans and advances	**32,069**	7,143
Security deposits	**5,721**	7,980
Other receivables	**19,889**	43,121
Due from related parties	**19,746**	20,068
Cash and Bank balances	**1,070,904**	326,902
Other Financial Assets at Cost		
Long Term Investments	**203,685**	17,267
	2,174,337	2,115,073
Financial liabilities at amortised cost		
Finance lease liability	**52,835**	84,724
Long term advances	**21,000**	11,597
Trade and other payables	**443,468**	482,488
Short-term borrowings	**1,113,713**	514,561
	1,631,016	1,093,370

40. PROVIDENT FUND RELATED DISCLOSURE

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

	2017 (Unaudited)	2016 (Audited)
	Rupees in '000'	
Size of the fund - Total Assets	**565,326**	476,260
Cost of investment made	**473,285**	373,438
Percentage of investment as size of fund	**88.2%**	82.6%
Fair value of investments	**498,776**	393,259

Notes to the Consolidated Accounts

For the year ended June 30, 2017

40.1 The breakup of fair value of investments is

	2017		2016	
	Investments Rupees in '000	**Percentage of investment as size of fund**	Investments Rupees in '000	Percentage of investment as size of fund
Bank Balances	**369,646**	**65.4%**	301,528	63.3%
Mutual Funds	**7,885**	**1.4%**	20,975	4.4%
Other	**121,245**	**21.4%**	70,756	14.9%
	498,776	**88.2%**	393,259	82.6%

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

41. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2017 and 2016 respectively as follows:

	2017	2016
	No of Employees	
Average number of employees during the year	**1,369**	1,367
Number of employees as at year end	**1,259**	1,408

42. SEGMENT REPORTING

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

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

Intersegment revenue is recorded at fair market price.

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

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

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

Reportable Segments

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

(i) Global Leasing and Financial Solutions (NFS)

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

(ii) Information Security (IS) and Software Services and Solutions (SSS)

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

(iv) Business Process Outsourcing (BPO)

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

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

43. SEGMENT REVENUES AND RESULTS

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

	2017			
	NFS	IS & SSS	BPO	Total
	Rupees in '000'			
Revenue - net				
External sales				
Licence	1,235,982	-	-	1,235,982
Services	1,633,992	2,632	830,512	2,467,136
Maintenance	806,991	9,088	-	816,079
Inter-segment sales				-
Total revenue	3,676,965	11,720	830,512	4,519,197
Cost of revenue	(2,365,211)	(173,694)	(525,950)	(3,064,855)
Segment results	1,311,754	(161,974)	304,562	1,454,342
Unallocated corporate expenses:				
Selling and promotion expenses				(442,704)
Administrative expenses				(702,001)
Other operating expenses				(1,630)
Other income				51,752
Finance cost				(31,286)
Taxation				(43,079)
Profit after taxation				285,394
Depreciation & amortisation	520,261	116,036	28,382	664,679

Notes to the Consolidated Accounts

For the year ended June 30, 2017

	2016			
	NFS	IS & SSS	BPO	Total
	Rupees in '000'			
Revenue - net				
External sales				
Licence	430,422	-	-	430,422
Services	1,884,779	22,234	987,457	2,894,470
Maintenance	738,790	10,505	-	749,295
Inter-segment sales				-
Total revenue	3,053,991	32,739	987,457	- 4,074,187
Cost of revenue	(2,072,617)	(143,351)	(493,131)	(2,709,099)
Segment results	981,374	(110,612)	494,326	- 1,365,088
Unallocated corporate expenses:				
Selling and promotion expenses				(260,075)
Administrative expenses				(671,411)
Other operating expenses				(76,130)
Other income				13,669
Finance cost				(23,991)
Taxation				(38,180)
Profit after taxation				308,970
Depreciation & amortisation	**568,964**	**30,196**	**34,569**	**633,737**

*Key

NFS = NetSol Financial Solutions
IS = Information Security and other services
BPO = Business Process Outsourcing
SSS = Software Services and Solutions

43.1 Revenue by geographic regions

The revenue is generated from clients in following geographical regions:

	Pakistan	Asia Pacific	Australia & USA	UK	Others	Total
			Rupees in '000'			
Year ended 2017	**11,721**	**2,874,549**	**725,083**	**569,690**	**338,156**	**4,519,199**
Year ended 2016	32,737	2,657,392	634,210	700,135	49,712	4,074,187

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

43.2 Revenue from major customers

The revenue from major customer during the year was Rs. 1,498 million (2016 : 462 million).

42.3 Non current assets

Net book value of non-current assets held in foreign countries is Rs. 3.82 million (2016 : Rs. 4.73 million).

44. CORRESPONDING FIGURES

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

Note	From	Note	To	**2017**	2016
				Rupees in '000'	
	Long term deposits	12.	Trade deposits & short term prepayments	**1,600**	1,600

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 22, 2017 by the Board of Directors.

46. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 22, 2017 have recommended a final cash dividend of 14.5% (2016: 5%) i.e., Rs. 1.45 per share (2016: Rs. 0.5 per share). The above recommendations of cash dividend are subject to the approval of the members at the Annual General Meeting to be held on October 24, 2017. These financial statements do not include the effect of the above recommendations and they will be accounted for in the period in which they are approved by the members.

47. FIGURES

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

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ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting of the shareholders of NetSol Technologies Limited will be held on Tuesday October 24, 2017 at 11:00 AM at the Registered Office of the the Company situated at NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt., to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Reports of Directors, Chairman and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2017.
2. To approve the payment of cash dividend of Rs. 1.45 per share (i.e., 14.5%) as recommended by the board of directors.
3. To appoint auditors and fix their remuneration.

Special Business

4. To consider and if thought fit, pass the following Special Resolution with or without modification under Section 199 of the Companies Act, 2017 for investment in associated company:

   RESOLVED THAT:

   "The approval of the members of NetSol Technologies Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for investment of upto Rs. 50 million in the form of revolving credit to M/s. NetSol-Innovation (Pvt) Limited, an associated company for a period of one (01) year from the date of passing of this resolution at the mark up rate of Six months KIBOR +1% on the daily product basis on the outstanding amount of advance and as per other terms and conditions of the agreement in writing and as disclosed to the members."

   RESOLVED FURTHER THAT:

   "The Chief Executive Officer and the Company Secretary be are hereby jointly and/or severally authorized to complete all necessary corporate and legal formalities and to do all necessary deeds, acts and things as may be deemed necessary to give effect to the above mentioned resolution and to sign the agreements and other documents and file all necessary documents with the Securities & Exchange Commission of Pakistan."

   A statement of material facts under Section 134(3) of the Companies Act, 2017 relating to the above matters mentioned in item No.4 is annexed.

By Order of the Board

_____

Boo-Ali Siddiqui
Company Secretary

Lahore
October 03, 2017

NOTE:

1. Share transfer books of the Company will remain closed from October 18, 2017 to October 24, 2017 (both days inclusive). Physical / CDC transfers received in order at the Shares Registrar, M/s Vision Consulting Ltd., 3-C, LDA Flats, Lawrence Road, Lahore Tel: (92 42) 36283096, 36283097 and Fax: (+92 42) 36312550 by the close of business on October 17, 2017 will be treated in time for determining the entitlement of cash dividend to the transferees and to attend and vote at the meeting.
2. Shareholders are requested to notify the change of addresses, if any.

3. A member entitled to attend and vote at the general meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. In order to be effective, proxies, complete in all respect, must be received at the registered office of the company not less than 48 hours before the scheduled time of the meeting.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A) For Attending the Meeting:

a) In case of individuals, the account holder or sub-account holder and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations shall authenticate their identity by showing their original computerized national identity cards (CNICs) or original passport at the time of attending the meeting.

b) In case of corporate entity, the board of directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B) For Appointing Proxies:

a) In case of individuals, the account holder or sub-account holder and/or persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations, shall submit the proxy form as per the above requirements.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c) Attested copies of CNICs or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d) The proxy shall produce his/ her original CNIC or original passport at the time of the meeting.

e) In case of corporate entity, the board of directors' resolution/ power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. CNIC & Zakat

a) Members are requested to submit a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission of CNIC (copy), all future dividend warrants may by withheld.

b) Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

6. E-DIVIDENDS

As per Section 242 of the Companies Act, 2017, in case of a public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants and in case of physical shares, to provide bank account details to our Share Registrar, M/s Vision Consulting Ltd. E-Dividend form is provided in the annual report and also available on the website of the Company, www.netsolpk.com

Please note that after October 31, 2017 all cash dividends, declared by the Company, will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

7. Unclaimed Dividends & Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Vision Consulting Ltd., to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities and Exchange Commission of Pakistan.

8. Deduction of Income Tax from Dividend at Revised Rates

i) The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

S. No.	Nature of Shareholders	Rate of deduction
1	Filers	15.0%
2	Non-Filers	20.0%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL on or before the date of approval of cash dividend at the Annual General Meeting of October 24, 2017 otherwise tax on their cash dividend will be deducted @ 20% instead at @ 15%.

ii) For any query/problem/information, the investors may contact the Company and /or the Share Registrar at the following phone Numbers, email address:

The Manager Shares

M/s Vision Consulting Ltd.,

3-C, LDA Flats, Lawrence Road, Lahore

Tel: (92 42) 36283096, 36283097

Fax: (+92 42) 36312550

E-mail: shares@vcl.com.pk

iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate members having physical shares should send a copy of their NTN certificate to the company or its Share Registrar i.e. M/s Vision Consulting Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name their respective folio numbers.

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by company accordingly on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares.

9. Dissemination of Annual Audited Accounts and Notice of Annual General Meeting

The Company has placed the Audited Annual Separate and Consolidated Financial Statements for the year ended June 30, 2017 along with Auditors' and Directors' Reports thereon on company's website i.e. http://www.netsolpk.com/investor-information/ at least twenty one (21) days prior to the date of the Annual General Meeting.

Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to the consent of shareholders and compliance with certain other conditions, the Company has obtained shareholder's approval in its Annual General Meeting held on October 25, 2016. Accordingly, annual audited accounts of the Company for the year ended June 30, 2017 are being dispatched to the shareholders through CD. The shareholders may request a hard copy of annual audited accounts, which shall be provided free of cost within seven days of receipt of such request.

Further, in terms of SRO No. 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain annual balance sheet and profit and loss accounts, auditors' report and directors' report etc., along with the Notice of the Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email ID to provide you the same via email.

For the convenience of shareholders, a Standard Request Form (for the provision of had copies of the annual reports) is enclosed and also available at the company's website. i.e. www.netsolpk.com

10. Video Conference Facility

The Company shall provide video conference facility to its members for attending the Annual General Meeting, at places other than the town in which the Annual General Meeting is taking place, after considering the geographical dispersal of its members: provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 7 days prior to date of the meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of videoconference facility at least 5 days before the date of General Meeting along complete information necessary to enable them to access the facility.

In this regard, please fill the following form and submit to the registered address of the Company 10 days before holding of the Annual General Meeting:

I/We, _____of _____being a member of NetSol Technologies Limited, holder of _____Ordinary shares as per Register Folio No._____ hereby opt for video conference facility at _____.

Signature of member

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 REGARDING SPECIAL BUSINESS

This statement is annexed to the Notice of Annual General Meeting of NetSol Technologies Limited to be held on October 24, 2017 at which a resolution U/S 199 of the Companies Act, 2017 is to be transacted, and the purpose of this statement is to set out all material facts concerning such special business in accordance with Section 134(3) of the Companies Act, 2017.

Shareholders of the Company, in their meeting held on October 23, 2012, had approved renewal of the advance facility to the subsidiary company, NetSol Innovation (Pvt) Limited, upto PKR 50 million to another five years. Advance was given to the subsidiary company on need basis and the amounts so advanced have been fully repaid. The Board of Directors in their meeting held on September 22, 2017 has recommended renewal of the facility of PKR 50 million at terms and conditions given hereunder.

The directors of the Company certify / undertake that the investment is being made after due diligence and financial health of the borrowing company is such that it has the ability to repay the advance as per agreement.

As required by under Section 199 of the Companies Act, 2017 and "Companies (Investment in Associated Companies or Associated Undertakings) Regulation, 2012, the requisite information is given below.

Sr. No.	Description	Information Required
(i)	Name of the associated company or associated undertaking alongwith criteria based on which the associated relationship is to established;	"NetSol-Innovation (Pvt) Limited A subsidiary company"
(ii)	Amount of loans or advances;	Renewal up to Rs. 50 Million Disbursement of funds will be made as and when required.
(iii)	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	Meeting the cash flow requirements of the subsidiary.
(iv)	In case any loan has already been granted to the said associated company or associated undertaking. The complete details thereof;	The shareholders' had approved a limit of Rs. 50 million of advance which is expiring by the end of October 2017. As of June 30th, 2017 the balance outstanding was PKR. NIL.
(v)	Financial position, including main items or balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	As per the financial statements for the fiscal year ended June 30, 2017, total Equity, Total assets and total liability amounting to Rs. 330 million, Rs. 415 million and Rs. 85 million respectively. Gross profit, Profit before tax and Profit after tax amounting to Rs. 198 million, Rs. 181 million and Rs. 180 million respectively.
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi inter Bank Offered Rate for the relevant period;	Average borrowing cost is 4.42% per annum
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Six months KIBOR + 1% on the daily product basis of outstanding amount.
(viii)	Source of funds from where loans or advances will be given	Company's own funds.
(ix)	Where loans or advances are being granted using borrowed funds;	N/A
	(I) Justification for granting loan or advance out of borrowed funds	N/A
	(II) Detail of guarantees/assets pledged for obtaining such funds, if any	N/A
	(III) repayment schedules of borrowing of the investing company	N/A
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Not considered necessary as both companies are under common management control.
(xi)	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A
(xii)	Repayment schedule and terms of loans or advance to be given to the investee company;	As this is a revolving credit, subsidiary will make payment as soon it has funds but not later than one year
(xiii)	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	No such salient features. The credit is to support cash flow and working capital requirements of the subsidiary company
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Salim Ghauri is the CEO & Mr. Omar Ghauri is one of the directors of the subsidiary company. Both of them are also directors of the investing company. However, none of them have any direct or indirect interest in this transaction.

(xv)	Any other important details necessary for the members to understand the transaction;	No such other important details
(xvi)	In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely;	N/A
	(I) a description of the project and its history since conceptualization	N/A
	(II) starting date and expected date of completion	N/A
	(III) time by which such project shall become commercially operational	N/A
	(IV) expected return on total capital employed in the project	N/A
	(V) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts	N/A

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, IN COMPLIANCE WITH REGULATION 4(2) OF COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012, FOR DECISION TO MAKE INVESTMENT UNDER THE AUTHORITY OF A RESOLUTION PASSED PURSUANT TO PROVISIONS OF SECTION 199 OF THE COMPANIES ACT, 2017 IS NOT IMPLEMENTED EITHER FULLY OR PARTIALLY:

The Company in its previous Annual General Meeting held on October 23, 2012 had sought approval under section 208 of the Companies Ordinance, 1984 for making advance to NetSol-Innovation (Pvt.) Limited upto PKR 50 million for a period of five years. Approval of renewal of the limit of advance is hereby sought as per following details.

Sr. No.	Description	Advances					
a)	Total investment approved	Rs. 50,000,000					
b)	Amount of investment made to date	Advance is given as and when required and paid back when the subsidiary has excess cash flow					
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time ; and	N/A					
d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	June 2017	June 2016	June 2015	June 2014	June 2013	June 2012
I	Earnings per share	59.89	120.46	89.72	72.18	36.19	32.93
ii	Net Profit	180,039,227	362,149,849	269,729,880	217,007,185	108,797,280	99,009,303
iii	Shareholders' Equity	330,024,126	574,779,629	421,393,780	306,013,900	235,856,715	205,459,435
iv	Total Assets	414,424,215	775,420,330	472,093,790	337,936,122	268,007,704	232,418,846
V	Break-up value	109.78	191.19	140.17	101.79	78.45	68.34

NETSOL TECHNOLOGIES LIMITED

STANDARD REQUEST FORM

For dispatch of Annual Audited Financial Through email or post

The Company Secretary
NetSol Technologies Limited
NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt.

I/We_____ hereby give my/our written consent to NetSol Technologies Limited to send me/us the annual audited financial statements along with the notice of Annual General Meeting of the Company electronically and I understand that the electronic transmission shall meet the requirements of the provisions of the Companies Act, 2017:

OPTION 1

a. Through email on below mentioned email address:

E-mail address on which I wish to receive Annual Financial Statements along with the Notice of AGM.	

OR

OPTION 2

b. Hard copy through post/courier at my below mentioned registered address:

Address on which I wish to receive hard copy of Annual Financial Statement along with the Notice of AGM instead of CD/DVD/USB	

Shareholder's Detail	
Name of the Shareholder	
Folio No/CDC Participant ID & A/C No.	
CNIC No.	
Passport No. (In case of Foreign Shareholder)	
Landline Telephone No.	
Cell Phone No.	
Email address	

It is stated that the above mentioned information is correct and any change therein will be intimated to the Company according to the instructions as mentioned below.

_____
Signature of the shareholder

Instructions

In case of any change in above mentioned information, scanned copy of duly filled-in and signed from may be sent through email to info@netsolpk.com or in writing through post/courier either to the Company or to the Company's Shares Registrar, M/s Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore. Phone:042-36283069-97, Fax:042-36312550,Email: shares@vcl.com.pk

Second Fold

Affix Revenue Stamp

The Company Secretary

NetSol Technologies Limited

NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan.

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NETSOL TECHNOLOGIES LIMITED

E-Dividend Mandate Letter

To:

Subject: **Bank Account details for Payment of Dividend through Electronic Mode**

Dear Sir/Madam

I/We/Messrs.,
_____ being a/the shareholder(S) of NetSol Technologies Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
Folio No/CDC Participant ID & Sub-Account No./CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
Email Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours truly

_____
Signature of the shareholder/authorized signatories
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned Bank branch to enable electronic credit directly into your bank account.
2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintain his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time. In case of physical shares, the form must be sent to the Company' Share Registrar.
3. Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) your Computerized National Identity Card (CNIC) is mandatorily required to be mentioned on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send a photocopy of your valid CNIC to the registered office of NetSol Technologies Limited or to the 'Share Registrar Department, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan'. Kindly ignore if you have already provided your CNIC number to us.

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The Company Secretary

NetSol Technologies Limited

NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan.

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Form of Proxy

I/We_____
(Name)

Of_____
(Place)

being a member(s) of *NETSOL TECHNOLOGIES LIMITED* hereby appoint

_____
(Name and Folio No. / Participant Account No. & Sub-Account No.)

Of_____
(Place)

who is also a member of the Company, as my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of the Company to be held at NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt., on Tuesday October 24, 2017 at 11:00 a.m. and at any adjournment thereof.

Signed at_____this_____Day of _____2017.

Witness 1:

Signature: _____
Name: _____
Address: _____
_____
CNIC or
Passport No._____

Five Rupees
Revenue Stamp

Witness 2 :

Signature: _____
Name: _____
Address: _____
_____
CNIC or
Passport No._____

Signature of Member(s)
Shareholder's Folio No._____
and/or Participant I.D. No._____

Note:

1) This form of proxy, in order to be effective, must be deposited duly completed, at the Company's registered Office at NetSol Technologies Limited, NetSol IT Village (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. not less than 48 hours before the time of holding the meeting.

2) A Proxy must be a member of the Company. Signature should agree with the specimen registered with the Company.

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The Company Secretary

NetSol Technologies Limited

NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan.

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پراکسی فارم

میں مسمّی/مسماۃ _____

(نام)

ساکن _____

(جگہ)

بحیثیت **نیٹ سول ٹیکنالوجیز لمٹیڈ** کا ایک ممبر یہاں

مسمّی/مسماۃ _____

(نام اور فولیو نمبر/پارٹیسپینٹ اکاؤنٹ نمبر اور سب اکاؤنٹ نمبر)

ساکن _____

(جگہ)

جو کہ کمپنی کا ایک ممبر بھی ہے، کو بطور مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو مورخہ 24 اکتوبر 2017ء بروز منگل صبح 11:00 بجے بمقام نیٹ سول ٹیکنالوجیز لمیٹڈ، آئی ٹی ویلیج، (سافٹ ویئر ٹیکنالوجی پارک) لاہور رنگ روڈ، غازی روڈ انٹرچینج، لاہور کینٹ میں منعقد یا کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط کی جگہ _____ تاریخ _____ دن _____ 2017ء۔

گواہی نمبر ۱

دستخط: _____

نام: _____

پتہ: _____

_____

کمپیوٹرائز قومی شناختی کارڈ

یا پاسپورٹ نمبر: _____

پانچ روپے کی
رسیدی ٹکٹ

گواہی نمبر ۲

دستخط: _____

نام: _____

پتہ: _____

_____

کمپیوٹرائز قومی شناختی کارڈ

یا پاسپورٹ نمبر: _____

ممبر کے دستخط: _____

فولیو نمبر: _____

اور یا/پارٹیسپینٹ آئی۔ڈی نمبر: _____

نوٹ:۔

۱) پراکسی فارم ہر لحاظ سے مکمل اور موثر ہونی چاہئے اور اسے کمپنی کے رجسٹرڈ آفس واقع نیٹ سول ٹیکنالوجیز لمیٹڈ نیٹ سول آئی ٹی ویلیج (سوفٹ ویئر ٹیکنالوجی پارک) لاہور رنگ روڈ، غازی روڈ انٹرچینج لاہور کینٹ میں کم از کم اجلاس سے ۴۸ گھنٹے قبل جمع کرانا ہوگا۔

۲) پراکسی کمپنی کا ممبر ہوں۔ دستخط کمپنی کے ریکارڈ شدہ نمونہ سے تصدیق ہو۔

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The Company Secretary

NetSol Technologies Limited

NetSol IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan.

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IINVESTOR'S AWARENESS

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

NETSOL TECHNOLOGIES LIMITED

NETSOL IT Village (Software Technology Park)
Lahore Ring Road, Ghazi Road Interchange
Lahore Cantt. 54792, Pakistan

www.netsolpk.com
Email: info@netsolpk.com