



For the Quarter Ended
September

2016

Financial Statements
(Un-Audited)

NetSol Technologies Limited

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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

KABANI & CO.
Chartered Accountants
SKP House
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

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

Building No. 26 – C,
Main Khayaban-e-Jami
Phase – 7 Extension, Defence,
Karachi
Tel: +92-21-35319401-20

WEB PRESENCE

www.netsolpk.com
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Directors' Report

On behalf of the Board of Directors of NetSol Technologies Limited, I feel immense pleasure to present the financial statements of your company together with its consolidated financial results for the period ended September 30, 2016.

GENERAL OVERVIEW

After closing the fiscal year 2016 at a positive note, the Company has started the new fiscal with the passion to continue the growth. The implementations of NFS Ascent at four different client sites are in progress, out of which one site with the wholesale module is scheduled to go live in the second quarter. Besides, one of our major customer in Indonesia has gone live with NFS Ascent. This is a major achievement for the Company as it was our first ever customer in that country. We have also received a handsome amount of change requests from our existing customers for enhancement and customization in the systems deployed at their respective sites. This is a continuous nature of services revenue coming from our existing customers. The "Nspire" initiative continues to do well with several startups in talk to be added to the incubation venture shortly. Additionally, NetSol's 3D mapping venture, eeGeo Inc., has signed with AMP Technologies to create 3D visualizations of internal and external real estate spaces around the world, tapping into powerful capabilities never available before. The collaboration will bring together eeGeo's dynamic indoor and outdoor 3D maps and with the interactive real time technology from AMP's powerful commercial real estate platform. This will allow agents and industry professionals to visualize any real estate portfolio in a 3D depiction of the real world while gaining a full view of the financial health of their assets.

FINANCIAL PERFORMANCE

Comparisons of un-audited consolidated results for the quarter ended September 30, 2016 with the corresponding period of fiscal 2016 are given below:

	Quarter ended Jul – Sep 2016	Quarter ended Jul – Sep 2015
	----- Rupees in '000' -----	
Revenue	1,124,222	870,518
Gross Profit	421,951	234,349
Net Profit/ (loss) after Minority Interest	97,176	(28,005)
Earnings/ (loss) per share – diluted (in Rs.)	1.08	(0.31)
EBITDA per share – diluted (in Rs.)	3.19	2.28

Revenues for the quarter ended September 30, 2016 improved by 29% compared to the revenues posted in the same quarter of previous fiscal year. In absolute numbers, the Company posted a net consolidated revenue of Rs. 1,124 million compared to Rs. 871 million in the same quarter of last fiscal year. Major component driving revenue is the implementation of NFS Ascent in four different markets. Using the percentage completion method, we have recorded both license and services revenues for all these four implementations. Gross profit increased to Rs. 422 million compared to Rs. 234 million in the corresponding period. Company posted a net profit of Rs. 97 million compared to a net loss of Rs. 28 million previous year which is attributable to the equity shareholders of the Company. Earnings per diluted share was Rs. 1.08 in comparison of a loss per share of Rs. 0.31 in the corresponding period of last fiscal year. A total non-cash expense of Rs. 162 million (2016: Rs. 180 million) on account of depreciation and amortization was accounted for in the current quarter. In addition to it, the Company had to absorb a foreign currency exchange loss of Rs. 42 million (2016: Rs. 13 million). Company posted net EBITDA profit of Rs. 3.19 per diluted share compared to an EBITDA profit of Rs. 2.28 per share in the corresponding period.

FUTURE OUTLOOK

NFS Ascent continues to demonstrate exceptional penetration rate in the developed and developing leasing markets of the world and the Company is committed to pushing its next-generation solution with renewed vigor and effort. In particular, the APAC market is very receptive with numerous prospects of new implementation and upgradation opportunities for NFS Ascent. We also have plans to concentrate time, energy and resources on the latest market the company has entered i.e., Indonesia. The market offers many prospects and a strong demand for finance and leasing solutions. It is a fast emerging/developing industry that is open to new products, technologies and practices. Besides, we believe that the market for the legacy system still exists and we will try to get all these opportunities capitalized. Our Enterprise Mobility Suite is also doing well and we are under negotiation with few prospects interested in mobility suite.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its shareholders, valued customers, government agencies and financial institutions which enabled the company to achieve these tremendous results. The board would also like to express its appreciation for the services, loyalty and efforts being continuously rendered by the executives and all the staff members of the company and hope that they will continue with the same spirit in future.

On behalf of the Board

Shahab-ud-Din Ghauri
Chairman

Lahore: October 28, 2016

مجھے خوشی ہے کہ نیٹ سول ٹیکنالوجیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے 30 ستمبر 2016ء کو ختم ہونے والے عرصہ کے لیے مالیاتی گوشوارے بشمول

مجموعی مالیاتی گوشوارے کے نتائج پیش کر رہا ہوں۔

عمومی جائزہ: - (General Overview)

مالی سال 2016ء کے ایک مثبت نوٹ پر بند ہونے کے بعد، کمپنی کی ترقی کو جاری رکھنے کیلئے مسلسل جذبے کے ساتھ نئے مالی سال کا آغاز کر دیا گیا ہے۔ چار مختلف کلائنٹ sites پر NFS Ascent™ کا نفاذ جاری ہے، اس کے علاوہ دوسری سہ ماہی میں ہول سیل ماڈیول کے ساتھ live جانے کیلئے شیڈول تیار ہے۔ اسی کے ساتھ انڈونیشیا میں ہمارے بڑے کلائنٹس میں سے ایک NFS Ascent™ کے ساتھ live ہو گیا ہے۔ یہ کمپنی کی ایک اہم اور بڑی کامیابی ہے، کیونکہ اس ملک میں یہ ہمارا پہلا کلائنٹ تھا۔ ہمیں موجودہ کلائنٹس کی جانب سے ان کے متعلقہ مقامات پر تعینات نظاموں (Systems) میں اضافے اور تخصیص کیلئے تبدیلی کی خاطر خواہ درخواستیں موصول ہوئی ہیں۔ یہ محصولات ہمارے موجودہ سٹریٹجی کی جانب سے مستقل نوعیت کی حاصل کردہ خدمات کے عوض آ رہی ہیں۔ "Nspire" کی کارکردگی بہتر ہے اور کئی نئے شروع ہونے والے منصوبے اس میں شامل کر دیے جائیں گے۔ مزید برآں، نیٹ سول کے 3D مینیکنگ ویچر eeGeo انکلوپورٹڈ نے دنیا بھر کے داخلی اور خارجی ریل اسٹیٹ (Real Estate) کی خالی جگہوں کے 3D تصورات کو تخلیق کرنے کیلئے AMP ٹیکنالوجیز کے ساتھ دستخط کئے ہیں، جو اس سے قبل اس قدر طاقتور صلاحیتوں کے ساتھ دستیاب نہیں تھیں۔ یہ تعاون ایک ساتھ eeGeo کے متحرک اندرونی اور بیرونی 3D نقشہ جات اور AMP کی طاقت کے ساتھ تجارتی ریل اسٹیٹ کے پلٹ فارم سے انٹرا ایکٹیو ٹیکنالوجی لانے گا۔ یہ ان کے اثاثوں کی مالی صحبت کا ایک مکمل نقطہ نظر حاصل کر رہا ہے جبکہ ایکٹیوٹوں اور پیشہ ور صنعتی افراد کو حقیقی دنیا کی 3D عکاسی میں کسی بھی ریل اسٹیٹ پورٹ فولیو کو دیکھنے کی اجازت دے گا۔

مالیاتی کارکردگی: - (Financial Performance)

مالی سال 2016ء کی اسی مدت کے 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کیلئے غیر آڈٹ شدہ مجموعی مالیاتی گوشوارے کے نتائج کا موازنہ درج ذیل ہے۔

اختتامیہ سہ ماہی جولائی تا ستمبر 2016ء اختتامیہ سہ ماہی جولائی تا ستمبر 2015ء
-----روپوں میں '000'-----

محصولات (Revenue)	1,124,222	870,518
خام منافع (Gross Profit)	421,951	234,349
صافی نفع / (نقصان) بعد از اقلیتی مفاد	97,176	(28,005)
آمدنی / (خسارہ) فی حصص - ڈائیلیوٹڈ (روپے میں)	1.08	(0.31)
EBITDA فی حصص - ڈائیلیوٹڈ (روپے میں)	3.19	2.28

30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کی محصولات، گزشتہ مالی سال کی اس سہ ماہی میں درج محصولات کے مقابلے میں 29 فیصد زیادہ رہی۔ مطلقہ اعداد کے مطابق، کمپنی کی صافی مجموعی محصولات گزشتہ سال کے مقابلے میں 1,124 ملین روپے تھی جبکہ گزشتہ مالی سال کے اسی عرصے میں یہ 871 ملین روپے تھی۔ محصولات کا اہم جز چار مختلف مارکیٹوں میں NFS Ascent™ کا نفاذ ہے۔ فی صدر طریقہ تکمیل کا استعمال کرتے ہوئے ہم نے ان چار نفاذ کیلئے لائسنس اور خدمات دونوں کی محصولات درج کر دی ہے۔ خام نفع (Gross Profit) میں اسی مدت میں 234 ملین روپے کے مقابلے میں 422 ملین روپے کا اضافہ ہوا۔ کمپنی نے گزشتہ سال کے 28 ملین روپے کے صافی خسارہ کے مقابلے میں 97 ملین روپے صافی منافع درج کیا جو کہ کمپنی کے ایکویٹی حصص یافتگان سے منسوب ہے۔ تحلیل شدہ فی حصص آمدنی گزشتہ مالی سال کی اسی مدت میں 0.31 روپے فی حصص نقصان کے مقابلے میں 1.08 روپے فی حصص منافع تھی۔ مجموعی غیر نقد اخراجات فرسودگی اور کساد بازاری کی وجہ سے موجودہ سہ ماہی کیلئے 162 ملین روپے (2016:180 ملین روپے) مختص کیے گئے تھے۔ علاوہ بریں کمپنی نے غیر ملکی کرنسی کے تبادلے کے 42 ملین روپے (2016:13 ملین روپے) کا نقصان جذب کیا۔ کمپنی نے اسی مدت میں EBITDA فی حصص 2.28 روپے منافع کے مقابلے میں 3.19 روپے فی تحلیل شدہ حصص صافی EBITDA منافع درج کیا۔

مستقبل کا نقطہ نظر: - (Future Outlook)

NFS Ascent™ دنیا کی ترقی یافتہ اور ترقی پزیر لیونگ مارکیٹ میں غیر معمولی نفوذ کی شرح کو برقرار رکھے ہوئے ہے اور کمپنی next-generation solution کو آگے بڑھانے کیلئے پورے عزم و ہمت کے ساتھ کوشاں ہے۔ بالخصوص APAC مارکیٹ NFS Ascent™ کیلئے نئے نفاذ اور تجربہ کے متعدد امکانات موجود ہیں۔ ہم نے نئی مارکیٹ انڈونیشیا میں اپنی کمپنی کو متعارف کرواتے ہوئے وقت، توانائی اور وسائل پر توجہ مرکوز رکھتے ہوئے منصوبہ بندی کی ہے۔ مارکیٹ میں بہت سے امکانات اور فنانس اور لیونگ کے حل (Leasing Solutions) کیلئے ایک مضبوط طلب موجود ہے۔ یہ ایک تیزی سے ابھرتی ہوئی ترقی پزیر صنعت ہے جو نئی مصنوعات، ٹیکنالوجی اور نئے طرز عمل کیلئے بالکل کھلی ہے۔ اس کے ساتھ ہمیں یقین ہے کہ legacy system کیلئے مارکیٹ اب بھی موجود ہے۔ اور ہم ان مواقع سے بھرپور استفادہ کیلئے بھرپور کوشش کرتے رہیں گے۔ ہمارا انٹرنیٹ پرائز موٹیلٹی سوٹ بھی (Enterprise Mobility Suit) باخوبی کام کر رہا ہے اور اس موٹیلٹی سوٹ میں دلچسپی رکھنے والوں میں روشن امکانات کے ساتھ مذاکرات جاری ہیں۔

اعتراف: - (Acknowledgement)

بورڈ آف ڈائریکٹرز کمپنی کے حصص یافتگان، 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 ایکویٹی ہولڈرز اور اسٹاک ہولڈرز کی خدمات، وفاداری اور ان کی مسلسل کوششوں کی قدر کرتا ہے اور انھیں بھی خراج تحسین پیش کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی ان کی مخلصانہ کوششیں جاری و ساری رہیں گی۔

از طرف بورڈ آف ڈائریکٹرز:-

شہاب الدین غوری
چیئر مین

لاہور

28 اکتوبر 2016ء



FINANCIAL
STATEMENTS

For The Quarter Ended September 30, 2016

Condensed Interim Balance Sheet - Unaudited

As at September 30, 2016

	NOTE	Sep-16 Unaudited	Jun-16 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	2,151,107	2,203,006
Intangible assets	6	2,117,171	2,195,996
		4,268,278	4,399,002
Long term investments		58,500	32,455
Long term deposits		1,600	1,600
		4,328,378	4,433,057
CURRENT ASSETS			
Trade debts	7	840,348	1,198,056
Excess of revenue over billing		1,086,267	618,020
Loans and advances	8	34,400	24,732
Trade deposits & short term prepayments		25,165	23,672
Other receivables		62,279	148,427
Due from related parties		25,226	20,068
Taxation - net		46,102	31,688
Cash & bank balances		349,046	108,473
		2,468,833	2,173,136
TOTAL ASSETS		6,797,211	6,606,193
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	9	1,500,000	1,500,000
Issued, subscribed and paid-up capital	9	892,444	891,544
Share deposit money		13	1,490
Reserves	10	4,539,429	4,443,382
		5,431,886	5,336,416
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		39,519	37,064
Long term advances		2,963	2,430
		42,482	39,494
CURRENT LIABILITIES			
Trade and other payables		508,282	402,833
Unearned revenue		263,160	271,579
Short term borrowings		512,551	514,561
Current portion of long term liabilities		38,850	41,310
		1,322,843	1,230,283
CONTINGENCIES & COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		6,797,211	6,606,193

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

Condensed Interim Profit & Loss Account - Unaudited

For The Quarter Ended September 30, 2016

	NOTE	Jul-Sep 2016	Jul-Sep 2015
Rupees in '000'			
Revenue - net	12	962,795	673,802
Cost of revenue		(603,229)	(534,767)
Gross profit		359,566	139,035
Selling and promotion expenses		(90,950)	(43,938)
Administrative expenses		(164,323)	(152,343)
Other operating expenses		(26,177)	(8,504)
Other income		5,557	8,364
Operating Profit/(loss)		83,673	(57,386)
Finance cost		(5,334)	(5,751)
Profit/(Loss) before taxation		78,339	(63,137)
Taxation			
Current Period		(1,235)	(7,377)
Prior Period		(566)	-
		(1,801)	(7,377)
Profit/(Loss) after taxation for the period		76,538	(70,514)

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

Condensed Interim Statement of Comprehensive Income - Unaudited

For The Quarter Ended September 30, 2016

	Jul-Sep 2016	Jul-Sep 2015
	Rupees in '000'	
Profit/(Loss) after taxation for the period	76,538	(70,514)
Other comprehensive income	-	-
Total comprehensive Profit/(loss) for the period	76,538	(70,514)

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

Condensed Interim Statement of Cash Flows - Unaudited

For The Quarter Ended September 30, 2016

	Jul-Sep 2016	Jul-Sep 2015
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation for the period	78,339	(63,137)
Adjustments for non cash charges and other items:		
Depreciation - own assets	72,985	92,613
Amortization of leased assets	7,051	5,029
Amortization of intangible assets	78,825	78,825
Lose /(Gain) on disposal of fixed assets	(25)	1,219
Amortization of deferred revenue	-	(3)
Exchange loss on debtors	26,177	7,285
Interest expense	4,922	5,608
Interest income	(1,206)	(3,884)
Deferred employee compensation expense	18,932	-
	207,661	186,692
Cash generated from operations before working capital changes	286,000	123,555
Working Capital Changes		
Trade debts	(145,136)	(377,862)
Loans and advances	(9,668)	(9,306)
Trade deposits & short term prepayments	(1,493)	(461)
Other receivables	86,148	(7,755)
Due from related parties	(5,158)	5,546
Trade and other payables	108,776	10,206
Cash (used in) / generated from operations	33,469	(379,632)
Interest paid	(8,508)	(5,753)
Income taxes paid	(16,211)	(9,495)
Dividend paid	259	(10)
Net cash (used in) / generated from operations	295,009	(271,335)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipments purchased	(23,906)	(38,231)
Sales proceeds of fixed asset	12	10,161
Capital work in progress	(4,355)	(5,647)
Long Term Investment	(26,045)	-
Interest received	1,206	3,884
Net cash (used in) investing activities	(53,087)	(29,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	900	-
Share deposit money	(1,477)	-
Share premium	710	-
Paid against obligation under finance lease	(9,618)	(13,772)
Received against obligation under finance lease	9,359	12,830
Short term borrowing	(2,010)	1,351
Long term advances	787	(632)
Net cash (used in) / generated from financing activities	(1,349)	(223)
Net Increase / (decrease) in cash and cash equivalents	240,573	(301,391)
Cash and cash equivalents at the beginning of the period	108,473	447,595
Cash and cash equivalents at the end of the period	349,046	146,204

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

Condensed Interim Statement of Changes in Equity - Unaudited

For The Quarter Ended September 30, 2016

	Issued, subscribed and paid- up capital	Share deposit money	Employee share option compen- sation reserve Rupees In '000'	Capital Reserve	Revenue Reserve	Total
				Share premium	Unappropri- ated profit	
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 loss for the quarter ended September 30, 2015	-	-	-	-	(70,514)	(70,514)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	(70,514)	(70,514)
Balance as at September 30, 2015	890,464	13	1,767	297,924	4,020,282	5,210,450
Balance as at June 30, 2016	891,544	1,490	1,607	298,777	4,142,998	5,336,416
Total comprehensive income for the period						
Net Profit for the quarter ended September 30, 2016	-	-	-	-	76,538	76,538
Other comprehensive income	-	-	-	-	-	-
Shares issued against options exercised (90,000 shares at Rs. 10 each)	900	(1,477)	(133)	710	-	-
Contribution of parent on account of employee share options	-	-	18,932	-	-	18,932
	900	(1,477)	18,799	710	76,538	95,470
Balance as at September 30, 2016	892,444	13	20,406	299,487	4,219,536	5,431,886

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

Notes to the Condensed Interim Financial Statements - Unaudited

For The Quarter Ended September 30, 2016

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 NetSol IT Village, (Software Technology Park) Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

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

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

2.2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2016.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

3. ACCOUNTING POLICIES

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

4. USE OF ESTIMATES AND JUDGMENT

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

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

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

In preparing these condensed interim financial statements, the judgments, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the Company for the year ended June 30, 2016.

		Sep-16 Unaudited	Jun-16 Audited			
Rupees in '000'						
5. PROPERTY, PLANT & EQUIPMENT						
Opening Balance - net book value		2,203,006	2,412,894			
Additions	5.1	34,740	272,963			
		2,237,746	2,685,857			
Less:						
Disposals - net book value	5.2	(6,602)	(78,626)			
Depreciation & amortization		(80,037)	(404,225)			
		2,151,107	2,203,006			
5.1 Following is the detail of addition / (transfer) :						
Building on freehold land		-	45,898			
Furniture & fixture		1,515	10,148			
Vehicles		15,270	159,462			
Office equipment		1,133	8,838			
Computers		11,600	42,127			
Air conditioners		866	3,332			
Generator		-	7,372			
Leasehold improvements		-	19,381			
Computer software		-	56			
Capital work-in-progress		4,356	(23,651)			
Total		34,740	272,963			
5.2 Following is the detail of deletions						
	Cost	Sep-16 Unaudited Accumulated Depreciation	Written down Value	Cost	Jun-16 Audited Accumulated Depreciation	Written down Value
	Rupees in '000'					
Land - freehold	-	-	-	-	-	-
Furniture & fixture	-	-	-	60	19	41
Vehicles	6,015	2,831	3,183	97,827	20,986	76,841
Office equipment	-	-	-	8	4	4
Computers	11,632	8,213	3,419	6,318	4,659	1,659
Air conditioners	-	-	-	163	82	81
Total	17,647	11,045	6,602	104,376	25,750	78,626
6. INTANGIBLE ASSETS						
Opening Balance - net book value		2,195,996	2,511,297			
Additions		-	-			
		2,195,996	2,511,297			
Less:						
Amortization		(78,825)	(315,301)			
		2,117,171	2,195,996			

		Sep-16 Unaudited	Jun-16 Audited
Rupees in '000'			
7. TRADE DEBTS			
Considered good - unsecured	7.1	840,348	1,198,056
Considered doubtful - unsecured	7.2	48,748	48,748
		889,096	1,246,804
Less: Provision against doubtful recovery		(48,748)	(48,748)
		840,348	1,198,056

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

7.2 The Company has created a general provision for future doubtful debts, if any. However, there is no history of doubtful debts from any of existing customers.

8. LOANS AND ADVANCES - Unsecured

Considered good			
Loan to employees		7,158	6,984
Advances			
- to executives		426	150
- against expenses		26,816	17,598
		34,400	24,732

9. SHARE CAPITAL

9.1 Authorised share capital

	Sep-16 Unaudited	Jun-16 Audited			
Number of shares					
	150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.	1,500,000	1,500,000

9.2 Issued, subscribed & paid-up capital

	42,093,691	42,003,691	Ordinary Shares of Rs. 10 each fully paid in cash	420,937	420,037
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	471,507	471,507
	89,244,423	89,154,423		892,444	891,544

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

10. RESERVES

Capital reserve					
Premium on issue of ordinary shares				299,487	298,777
Revenue reserve					
Un - appropriated profit				4,219,536	4,142,998
Employee share option compensation reserve				20,406	1,607
				4,539,429	4,443,382

11. CONTINGENCIES & COMMITMENTS

11.1 Contingencies

11.1.1 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.

11.1.2 The company received show cause notice u/s 161(1A)/205 of the Income Tax Ordinance, 2001 from FBR in respect of tax year 2015. In the judgement dated 26-07-2016, the assessing authority contended and considered the commission paid to non-resident as fee for technical services and imposed tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. The Company filed appeal u/s 127 of the said ordinance before the Commissioner Inland Revenue (Appeals), Lahore as Company is of the view that amount paid to non resident is in respect of commission and not the fee for technical services and hence exempt for which decision is 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.

11.2 Commitments

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

	Jul-Sep 2016	Jul-Sep 2015
Rupees in '000'		
12. REVENUE - NET		
Export Revenue		
License	418,107	96,242
Services	362,632	416,657
Maintenance	177,152	155,499
	957,891	668,398
Local Revenue		
Services	3,360	4,563
Maintenance	2,272	3,098
	5,632	7,661
Sales tax	(728)	(2,257)
	962,795	673,802

13. TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to 2019 as per clause 133 of the Second Schedule to the Income Tax Ordinance, 2001. However tax as per applicable rates is charged to the income of the Company generated from other than core business activities.

14. EARNINGS PER SHARE

Basic		
Profit/(Loss) after taxation for the period	76,538	(70,514)
Average number of ordinary shares in issue during the period	89,233	89,046
Basic - In Rupees	0.86	(0.79)
Diluted		
Profit/(Loss) after taxation for the period	76,538	(70,514)
Average number of ordinary shares in issue during the period	89,946	89,565
Diluted - In Rupee	0.85	(0.79)

15. TRANSACTION WITH RELATED PARTIES

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

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

Relationship with the Company	Nature of transactions		
(i) Subsidiary	Rental income	4,101	4,327
	Provision of services	1,312	1,539
	Mark-up income	-	33
	Mark-up expense	18	-
(ii) Associated undertaking	Rental income	225	150
	Provision of services	49,663	138,305
	Purchase of services	4,851	3,186
(iii) Key management personnels	Remuneration of CEO and Directors	4,313	4,257
(iv) Post employment benefit	Contribution to defined contribution plan	20,180	16,452

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

16. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 28, 2016 by the Board of Directors.

17. FIGURES

Figures have been rounded off to the nearest thousand rupee.



CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS

For The Quarter Ended September 30, 2016

Condensed Consolidated Interim Balance Sheet - Unaudited

As at September 30, 2016

	NOTE	Sep-16 Unaudited	Jun-16 Audited
Rupees in '000'			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	5	2,218,903	2,261,721
Intangible assets	6	2,117,171	2,195,996
		4,336,074	4,457,717
Long term Investment		43,312	17,267
Long term deposits		1,600	1,600
		4,380,986	4,476,584
CURRENT ASSETS			
Trade debts	7	1,368,720	1,692,592
Excess of revenue over billing		1,086,267	618,020
Loans and advances	8	34,766	25,625
Trade deposits & short term prepayments		26,399	24,032
Other receivables		63,219	44,301
Due from related parties		25,226	20,068
Taxation - net		47,307	32,837
Cash & bank balances		442,761	326,902
		3,094,665	2,784,377
TOTAL ASSETS		7,475,651	7,260,961
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
150,000,000 ordinary shares of Rs.10/- each	9	1,500,000	1,500,000
Issued, subscribed and paid-up capital	9	892,444	891,544
Share deposit money		13	1,490
Reserves	10	4,835,851	4,718,507
		5,728,308	5,611,541
Non - controlling Interest		304,685	284,470
		6,032,993	5,896,011
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		48,426	40,744
Long term advances		5,346	8,937
		53,772	49,681
CURRENT LIABILITIES			
Trade and other payables		559,960	482,488
Unearned revenue		263,160	271,579
Short term borrowings		512,551	514,561
Current portion of long term liabilities		53,215	46,641
		1,388,886	1,315,269
CONTINGENCIES & COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		7,475,651	7,260,961

The annexed notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Profit & Loss Account - Unaudited

For The Quarter Ended September 30, 2016

	NOTE	Jul-Sep 2016	Jul-Sep 2015
Rupees in '000'			
Revenue - net	12	1,124,222	870,518
Cost of revenue		(702,271)	(636,169)
Gross profit		421,951	234,349
Selling and promotion expenses		(90,950)	(43,938)
Administrative expenses		(166,228)	(154,043)
Other operating expenses		(42,302)	(13,753)
Other income		2,670	4,527
Operating profit		125,141	27,142
Finance cost		(5,567)	(6,044)
Profit before taxation		119,574	21,098
Taxation			
Current period		(1,449)	(7,467)
Prior period		(734)	-
		(2,183)	(7,467)
Profit after taxation for the period		117,391	13,631
Attributable to:			
Owners of NetSol Technologies Limited		97,176	(28,005)
Non - controlling interest		20,215	41,636
		117,391	13,631
Earning per share			
Basic - In Rupees	14	1.09	(0.31)
Diluted - In Rupees	14	1.08	(0.31)

The annexed notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income - Unaudited

For The Quarter Ended September 30, 2016

	Jul-Sep 2016	Jul-Sep 2015
	Rupees in '000'	
Profit after taxation for the period	117,391	13,631
Other comprehensive income	-	-
Total comprehensive Profit for the period	117,391	13,631
Attributable to:		
Owners of NetSol Technologies Limited	97,176	(28,005)
Non - controlling interest	20,215	41,636
	117,391	13,631

The annexed notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows - Unaudited

For The Quarter Ended September 30, 2016

	Jul-Sep 2016	Jul-Sep 2015
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	119,574	21,098
Adjustments for non cash charges and other items:		
Depreciation - own assets	75,518	95,488
Amortization of leased assets	7,622	5,743
Amortization of intangible assets	78,825	78,825
Loss on disposal of fixed assets	6	1,231
Amortization of deferred revenue	-	(3)
Exchange loss / (gain) on debtors	42,271	12,522
Interest expense	5,130	5,873
Interest income	(1,439)	(3,918)
Deferred employee compensation expense	19,591	-
(Gain) on short term investment	(945)	(456)
	226,579	195,305
Cash generated from operations before working capital changes	346,153	216,403
Decrease / (increase) in current assets and liabilities		
Trade debts	(195,068)	(500,296)
Loans and advances	(9,141)	(9,794)
Trade deposits & short term prepayments	(2,367)	(1,269)
Other receivables	(18,918)	(7,902)
Due from related parties	(5,158)	9,350
Trade and other payables	80,799	5,566
Cash (used in) / generated from operations	(149,853)	(504,345)
Interest paid	(8,716)	(6,018)
Income taxes paid	(16,648)	(9,777)
Dividend paid	259	(10)
Net cash (used in) / generated from operations	171,195	(303,747)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipments purchased	(24,804)	(41,156)
Sales proceeds of fixed asset	204	10,175
Capital work in progress	(15,730)	(5,647)
Long Term Investment	(26,045)	-
Gain on investments	945	456
Interest received	1,439	3,918
Net cash (used in) investing activities	(63,991)	(32,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	900	-
Share deposit money	(1,477)	-
Share premium	577	-
Paid against obligation under finance lease	(719)	(14,881)
Received against obligation under finance lease	9,359	12,830
Short term borrowing	(2,010)	1,351
Long term advances	2,025	664
Net cash (used in) / generated from financing activities	8,655	(36)
Net decrease in cash and cash equivalents	115,859	(336,037)
Cash and cash equivalents at the beginning of the period	326,902	514,011
Cash and cash equivalents at the end of the period	442,761	177,974

The annexed notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity - Unaudited

For The Quarter Ended September 30, 2016

	Attributable to owners of the Parent					Total	Non Controlling Interest	Total Equity
	Issued, subscribed and paid-up capital	Share deposit money	Employee share option compensation reserve	Capital reserve - Share premium	Revenue reserve - Unappropriated profit			
	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 period								
Net (loss) / profit for the quarter ended								
September 30, 2015	-	-	-	-	(28,005)	(28,005)	41,636	13,631
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	(28,005)	(28,005)	41,636	13,631
Balance as at September 30, 2015	890,464	13	1,767	297,924	4,260,340	5,450,508	250,210	5,700,718
Balance as at June 30, 2016	891,544	1,490	1,607	298,777	4,418,123	5,611,541	284,470	5,896,011
Total comprehensive income for the period								
Net (loss) / profit for the quarter ended								
September 30, 2016	-	-	-	-	97,176	97,176	20,215	117,391
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	97,176	97,176	20,215	117,391
Shares issued against options exercised								
(90,000 shares at Rs. 10 each)	900	(1,477)	-	-	-	(577)	-	(577)
Amount transferred to share premium on issuance of shares against options exercised	-	-	(133)	-	-	(133)	-	(133)
(90,000 shares at Rs. 1.48 each)								
Share premium on shares issued against options exercised	-	-	-	710	-	710	-	710
Distributions to owners								
- by holding company								
Contribution of parent on account of employee share options	-	-	19,591	-	-	19,591	-	19,591
Balance as at September 30, 2016	892,444	13	1,474	299,487	4,515,299	5,728,308	304,685	6,032,993

The annexed notes from 1 to 18 form an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements Unaudited

1. LEGAL STATUS AND NATURE OF BUSINESS

NetSol Group consists of:

- NetSol Technologies Limited
- NetSol Innovation (Private) Limited

NetSol Technologies Limited ("the Company") incorporated in Pakistan on August 22, 1996 under the Companies Ordinance, 1984 as a private company limited by shares was later on converted into public limited company on November 05, 2004. The Company was listed on Karachi Stock Exchange on August 26, 2005 and subsequently also got listed on Lahore Stock Exchange and Islamabad Stock Exchange. Due to de-mutualization of stock exchanges, all these stock exchanges have merged in 2015 to form Pakistan Stock Exchange. As a result of this merger, the company is now listed at Pakistan Stock Exchange. The business of the Company is development and sale of computer software and its related services in Pakistan as well as abroad. The registered office of the Company is situated NetSol IT Village, Lahore Ring Road, Ghazi Road Interchange, Lahore Cantt. Pakistan.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These condensed interim financial statements are unaudited and do not include all the disclosures and information required in the annual financial statements and should be read in conjunction with the preceding annual published financial statements of the company for the year ended June 30, 2016.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. ACCOUNTING POLICIES

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

4. USE OF ESTIMATES AND JUDGMENT

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

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

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

In preparing these condensed consolidated interim financial statements, the judgments, estimates and assumptions made by the management were the same as those that were applied to the preceding annual published financial statements of the company for the year ended June 30, 2016.

8. LOANS AND ADVANCES - Unsecured		Sep-16	Jun-16
		Rupees in '000'	
Considered good			
Loan to employees		7,158	6,984
Advances			
- to executives		426	159
- against expenses	8.1	27,182	18,482
		34,766	25,625
8.1 The advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.			
9. SHARE CAPITAL			
9.1 Authorised share capital			
	Sep-16	Jun-16	
	Unaudited	Audited	
	Number of shares		
	150,000,000	150,000,000	Ordinary Shares of Rs. 10 each.
			1,500,000
			1,500,000
9.2 Issued, subscribed & paid-up capital			
	42,093,691	42,003,691	Ordinary Shares of Rs. 10 each fully paid in cash
			420,037
	47,150,732	47,150,732	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares
			471,507
	89,244,423	89,154,423	892,444
			891,544
NetSol Technologies Inc., 24025 Park Sorrento, Suite 410, Calabasas CA 91302, USA, is the parent company holding majority of issued capital of the Company.			
10. RESERVES			
Capital reserve			
Premium on issue of ordinary shares		299,487	298,777
Revenue reserve			
Un - appropriated profit		4,515,299	4,418,123
Employee share option compensation reserve			
		21,065	1,607
		4,835,851	4,718,507

11. CONTINGENCIES & COMMITMENTS**11.1 Contingencies**

11.1.1 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.

11.1.2 The company received show cause notice u/s 161(1A)/205 of the Income tax Ordinance, 2001 from FBR in respect of tax year 2015. In the judgement dated 26-07-2016, the assessing authority contended and considered the commission paid to non-resident as fee for technical services and imposed tax of Rs. 1,516,535 u/s 152 of the Income Tax Ordinance, 2001. The company filed appeal u/s 127 of the said ordinance before the Commissioner Inland Revenue (Appeals), Lahore as company is of the view that amount paid to non resident is in respect of commission and not the fee for technical services and hence exempt for which decision is 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.

11.2 Commitments

- 11.2.1** The Company has issued worth Rs. 7,977 million (June 2016: 7,062 million) bank guarantees and bid bonds to LESCO and various customers against sale of software and allied services.
- 11.2.2** 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.

	Jul-Sep 2016	Jul-Sep 2015
	Rupees in '000'	
12. REVENUE - NET		
Export Revenue		
License	418,107	96,242
Services	524,059	613,373
Maintenance	177,152	155,499
	1,119,318	865,114
Local Revenue		
Services	3,360	4,563
Maintenance	2,272	3,098
	5,632	7,661
Sales tax	(728)	(2,257)
	1,124,222	870,518

13. TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax up to 2019 as per clause 133 of the Second Schedule to the Income Tax Ordinance, 2001. However tax as per applicable rates is charged to the income of the Company generated from other than core business activities.

14. EARNING PER SHARE

Basic		
Profit/(Loss) after taxation for the period	97,176	(28,005)
Average number of ordinary shares in issue during the period	89,233	89,046
Basic - In Rupees	1.09	(0.31)
Diluted		
Profit/(Loss) after taxation for the period	97,176	(28,005)
Average number of ordinary shares in issue during the period	89,946	89,565
Diluted - In Rupee	1.08	(0.31)

15. TRANSACTION WITH RELATED PARTIES

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

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

	Relationship with the Company	Nature of transactions		
(i)	Associated undertaking	Rental Income	600	150
		Provision of services	211,090	335,021
		Purchase of services	4,851	4,060
(ii)	Key management personnel	Remuneration of CEO and Directors	4,313	4,257
(iii)	Post employment benefit	Contribution to defined contribution plan	23,481	19,093
(vi)	There are no transactions with any key management personnel other than under the terms of employment.			

16. SEGMENT REVENUES AND RESULTS

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

	Sep-16			Total
	NFS	IS	BPO	
	Rupees in '000			
Revenue - net				
External sales				
Licence	418,107	-	-	418,107
Services	305,574	2,632	218,485	526,691
Maintenance	177,152	2,272	-	179,424
Inter-segment sales				-
Total revenue	900,833	4,904	218,485	1,124,222
Cost of revenue	(558,368)	(18,314)	(125,589)	(702,271)
Segment results	342,465	(13,410)	92,896	421,951
Unallocated corporate expenses:				
Selling and promotion expenses				(90,950)
Administrative expenses				(166,228)
Other operating expenses				(42,302)
Other income				2,670
Finance cost				(5,567)
Taxation				(2,183)
Profit after taxation				117,391
	Sep-15			Total
	NFS	IS	BPO	
	Rupees in '000			
Revenue - net				
External sales				
Licence	96,242	-	-	96,242
Services	397,294	2,307	216,078	615,679
Maintenance	155,499	3,098	-	158,597
Inter-segment sales				-
Total revenue	649,035	5,405	216,078	870,518
Cost of revenue	(491,677)	(30,871)	(113,621)	(636,169)
Segment results	157,358	(25,466)	102,457	234,349
Unallocated corporate expenses:				
Selling and promotion expenses				(43,938)
Administrative expenses				(154,043)
Other operating expenses				(13,753)
Other income				4,527
Finance cost				(6,044)
Taxation				(7,467)
Profit after taxation				13,631

*Key

NFS = NetSol Financial Solutions

IS = Information Security and other services

BPO = Business Process Outsourcing

17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 28, 2016 by the Board of Directors.

18. FIGURES

Figures have been rounded off to the nearest thousand rupees.



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