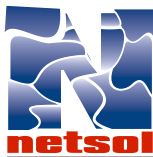




Annual Report 2006



NetSol Technologies Limited



The **First Company in Pakistan** to achieve



The Ultimate Quality Standard for Software Companies



It's all teamwork !





Annual Report 2006



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Company Profile

Board of Directors

Salim Ullah Ghauri Chairman & CEO
Najeeb Ullah Ghauri
Naeem Ullah Ghauri
Irfan Mustafa
Sajjad Hussain Kirmani
Shahid Javed Burki
Abdul Rashid
Eugen Beckert

Chief Financial Officer

Boo-Ali

Company Secretary

Boo-Ali

Audit Committee

Eugen Beckert Chairman
Irfan Mustafa
Abdul Rashid
Sajjad Hussain Kirmani

Auditor

Saeed Kamran Patel & Co.
Chartered Accountants
321-Upper Mall, Lahore.

Legal Advisors

Cornelius Lane & Mufti
Advocates & Solicitors
Nawa-e-Waqt Bldg, Fatima Jinnah Road
Lahore

Corporate Law Associates
1st Floor Queen's Centre
Shahra-e-Fatima Jinnah, Lahore

Share Registrar

THK Associates (Pvt) Limited
Ground Floor, State Life Building-3
Dr. Zia-ud-Din Ahmed Road
Karachi-75530

Registered Office

NetSol IT Village, Software
Technology Park, NetSol Avenue
Main Ghazi Road, Lahore Cantt-54792
Tel: +92-42-111-44-88
Fax: +92-42-5726740
Email: info@netsolpk.com
Web: www.netsoltek.com/pakistan



Our Vision

By 2010, we want to be a No.1 Solution Provider in Asia-Pacific for Lease & Finance sector and we also want to be the best IT Company in Pakistan.

Our Mission

Deliver High Quality, innovative and best-in-class IT solutions and services to help our customers achieve their business objectives and operational efficiencies.

Our Values

- We care for our employees who are our most valuable asset. We offer our employees a challenging and harmonious work environment where we encourage everyone to work to his or her utmost potential.
- We will always aim to develop long lasting relationship with our customers by delivering value for their investments.
- Our workplace will be an environment of great learning, extraordinary customer service, consideration for our colleagues and self-development. A place we are happy to spend our working days.
- We will be diligent expending company resources. We'll use them to serve our clients better and perform our roles more effectively.
- While we grow in size and scale, we will continue to improve our quality of service delivery.
- We will work tirelessly to grow in efficiency and productivity using Best Practices, Innovation and Imagination.
- As we are a global Company, we'll respect every other culture, religion and embrace the change and the challenges that come with such diversity.

Our Behaviour

While we grow in size and scale, we will continue to improve our quality of service delivery'

- We will continue to invest in training in Quality
- We'll grow quality initiatives with better "Best Practices" and more quality accreditations
- We'll implement better tools for measuring quality both in production and Customer Services
- Quality is not a domain with the few chosen ones but is a responsibility of all.
- We'll not pass the buck to the "Quality People" when we can see and address deficiencies ourselves.

Board of Directors



Salim Ghauri
Chairman & CEO



Najeeb Ghauri
Director



Naeem Ghauri
Director



Sajjad Hussain Kirmani
Director



Shahid Javed Burki
Director



Abdul Rashid
Director



Eugen Beckert
Director



Irfan Mustafa
Director



Organizational Setup

NetSol Technologies Limited							
Internal Audit		Accounts & Finance		IT/Operations		Management Rep.	
IT			Operations			LeaseSoft	
LeaseSoft			Administration	HR	IT Support	Domestic	
LeaseSoft			Administration	HR	IT Support	Lahore	Islamabad
Application Development			Quality Engineering			China	Lahore
inBanking			Quality Assurance				Karachi
Defence			Graphics				
Technology Outsourcing			Network Operations				
Consulting Division			Technical Communications				
Business Intelligence	Information Security	Enterprise Business Solutions					



Salim Ghauri
Chairman & CEO





Chairman's Message

I feel very proud to share my views, my vision, and the history of NetSol with my valuable shareholders, who have demonstrated their full trust in us by investing their hard-earned capital in our shares.

NetSol Technologies Limited has completed its 10 years of operation this year. A decade old journey of NetSol has witnessed many ups and downs. However, a firm commitment on the part of NetSol's management has brought it to the highest echelon of success. It is the hard work and constant efforts of the management and its employees that NetSol has been awarded with the highest quality standard, Capability Maturity Model Integration (CMMI) Level 5 in August 2006. In the IT sector, NetSol was also the very first company in Pakistan to be ISO 9001:2000 certified in 1998. Presently, we are working on ISO-27001 certification, which is a globally recognized standard for Information Security Management.

NetSol has robust fundamentals and it commands leadership in a number of world market spaces in which it operates. It has a significant inventory of capital in technology, sales network, strategic geographic locations, knowledgeable employees, and an experienced senior management. Additionally, the markets in which we compete have a good growth potential.

The world renowned flagship product of NetSol, LeaseSoft, is rapidly gaining popularity in the international market, especially in the growing economies of Asia Pacific, like China. Many leading corporations, including Fortune 500 Companies, have implemented it in their facilities across the globe. We have had a breakthrough in the outsourcing business in 2005, and the future in this area looks quite promising. In the local market, NetSol has built goodwill in the government as well as the private sector by providing high quality work.

By the grace of Almighty Allah, the business of NetSol is growing rapidly both in the local and global markets. To keep pace with the growth in business, we would soon need to augment our physical infrastructure, as our current facility is running out of space. We, therefore, plan to start the construction of another state-of-the-art building adjacent to our facility in Lahore.

As far as my future vision is concerned, I wish that NetSol becomes a company with solid financial fundamentals and a significant player in the global arena with a well defined business model. It should be dynamic and highly adaptable as global market conditions evolve and change. The company should increase its revenue in the coming years with increasing margins.



Partnerships

- Oracle Corporation
- Infor/ Datastream
- SunGard
- Intaero
- Intel Corporation
- Microsoft Gold Partner
- IBM
- Sun Microsystems
- HP
- DaimlerChrysler Services AG
- Innovation Group PLC
- Internet Security Systems (ISS)

Recognition

- First Intel Solution Blueprint from Pakistan
- NCR IT Excellence Award in the year 2003
- P@SHA ICT AWARDS: Best of Financial Applications 2004
- PSEB and NCR AWARD: Highest Software Exports for the year 2004
- “Intel Outstanding Solution Provider” Award in the year 2004
- Highest quality standard CMMI Level 5 Certification in the year 2006
- Highest Software Exporter 2005-06 (As per SBP)
- Best IT/ITES Employer - P@SHA ICT Awards 2006
- Best of E-Government & Services - P@sha ICT Awards 2006
Electronic Credit Information Bureau (eCIB)
- Best Revenue Growth (Merit Award) - P@sha ICT Awards 2006



Mr. Salim Ghauri receiving P@SHA ICT Award 2006 for Best IT / ITES Employer



Mr. Najeeb Ghauri
Chairman
NetSol Technologies Inc.
signals the close of trading
at NASDAQ



Mr. Shaukat Aziz,
Prime Minister of Pakistan,
inaugurating NetSol IT
Village at Lahore.



Mr. Salim Ghauri receiving CMMi Level 5
certificate from Pakistan's IT Minister Mr. Awais Ahmad Khan Leghari.

NetSolians at work





Major Customers

Global

- DaimlerChrysler Leasing Thailand
- DaimlerChrysler Auto Finance China
- DaimlerChrysler Financial Services Australia
- DaimlerChrysler Financial Services Taiwan
- DaimlerChrysler Services Korea
- DaimlerChrysler Services New Zealand
- Mercedes-Benz Finance Company Japan
- BMW Financial Services China
- Yamaha Motors Finance Australia
- Toyota Leasing Thailand
- Toyota Motor Finance Company China
- Mauritius Commercial Bank
- UMF Singapore
- Australian Motor Finance
- Innovation Group PLC UK
- NetSol CQ UK
- McCue Systems USA

Local

- Electronic Government Directorate, Ministry of IT
- General Head Quarter, Rawalpindi
- Pakistan Military Academy, Kakul
- State Bank of Pakistan
- Command & Staff College, Quetta
- Information Technology Department, Punjab
- Excise & Taxation Department, Islamabad
- Punjab Rural Support Program
- Dawn Bread (Pvt) Limited
- All Pakistan Textile Processing Mills Association (APTPMA)
- Pakistan Software Export Board
- Defence Housing Authority, Lahore
- The Agha Khan Hospital
- Bank Islami



Services Portfolio

Industries we serve

- Lease & Finance
- Banking
- Insurance
- E-Governance
- Defense
- Manufacturing
- Healthcare
- Education
- Information Technology



Services we offer

- Systems Integration
- Technology Outsourcing
- Application Development & Maintenance
- IT Consultancy & BPR
- Information Security Consulting
- Business Intelligence Consulting
- Software Process Consulting
- Products Based Solutions

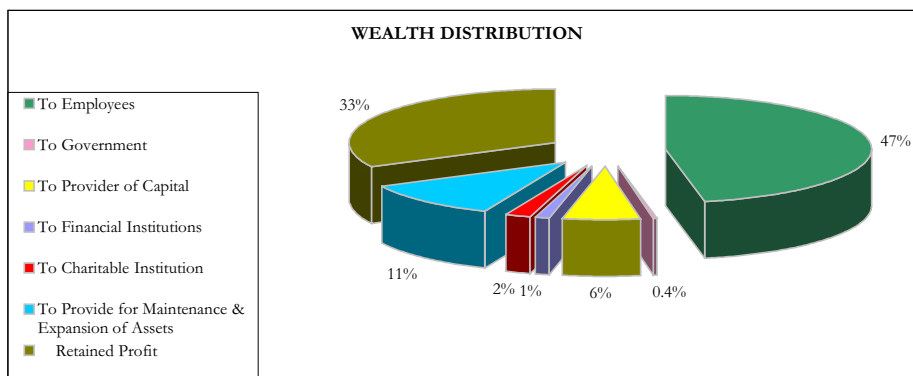


NetSol Group

Statement of Value Addition

NETSOL GROUP STATEMENT OF VALUE ADDITION

	2006	% age	2005	% age
<i>RUPEES IN THOUSAND</i>				
WEALTH GENERATED				
Revenue	600,152		462,281	
Other Income	<u>23,708</u>		<u>2,838</u>	
	623,860		465,119	
Less: General & Administration Expenses	189,271		108,296	
Value Added	<u><u>434,589</u></u>	100	<u><u>356,823</u></u>	100
WEALTH DISTRIBUTION				
To Employees				
Salaries & Other employee benefits	203,585	47%	113,101	32%
To Government				
Income Taxes & Other Taxes	1,649	0.4%	(335)	-0.1%
To Provider of Capital				
Bonus Shares & Dividends	-	-	29,655	8%
Minority Shareholders	26,095	6%	7,358	2%
To Financial Institutions				
(as mark-up on borrowings)	5,767	1%	4,002	1%
To Charitable Institution				
	8,505	2%	165	0%
To Provide for Maintenance & Expansion of Assets				
Depreciation / Amortization	47,514	11%	26,551	7%
Retained Profit	141,474	33%	176,326	49%
	<u><u>434,589</u></u>		<u><u>356,823</u></u>	





NetSol Group Ten Years at a Glance

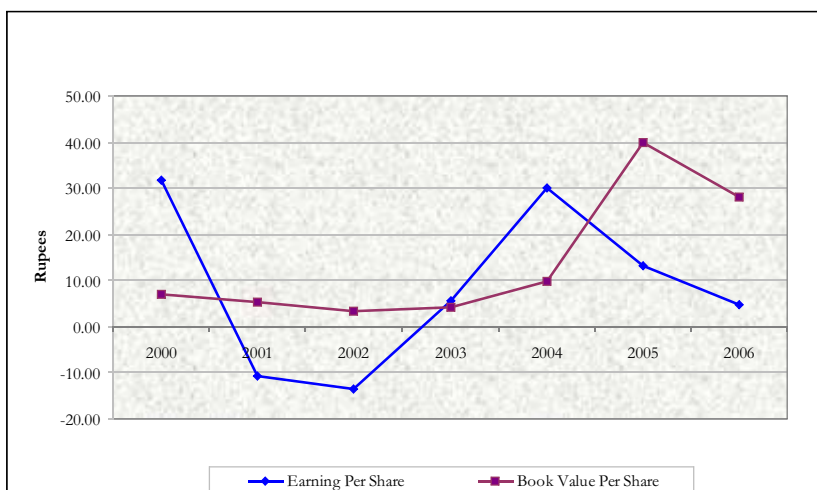
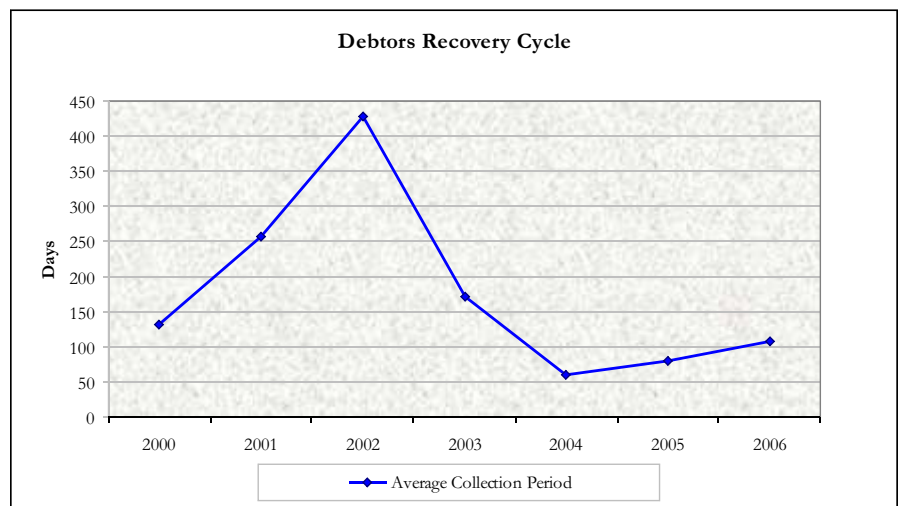
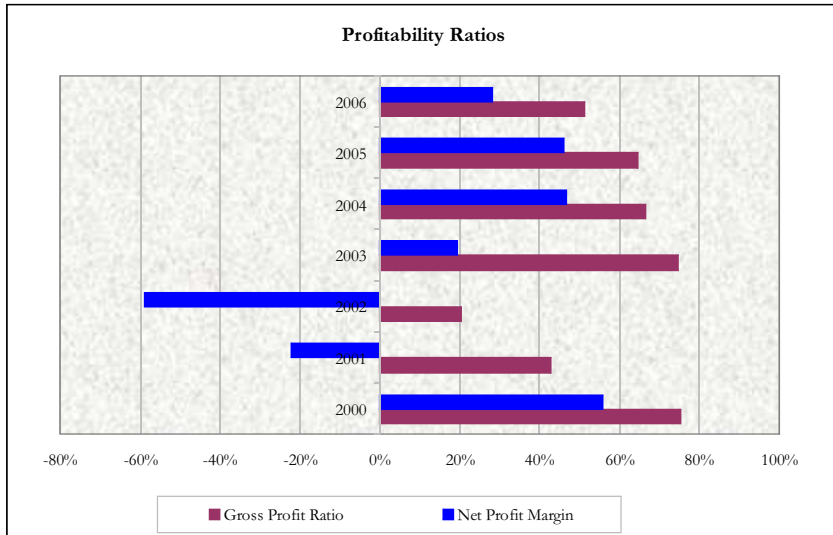
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
	R U P E E S I N T H O U S A N D									
FIXED CAPITAL EXPENDITURE										
Tangible	327,848	241,860	194,770	71,099	77,496	79,740	59,541	7,563	4,815	4,306
Intangible	68,202	55,441	40,306	33,782	3,175	-	16,673	6,661	-	-
	396,050	297,301	235,076	104,881	80,671	79,740	76,214	14,224	4,815	4,306
Non Current Assets	31,628	40,428	-	-	-	28	219	224	203	226
Working Capital	606,339	291,374	58,891	24,185	19,252	85,065	145,521	12,044	10,109	9,705
NET ASSETS EMPLOYED	1,034,017	629,102	293,967	129,066	99,923	164,833	221,954	26,492	15,127	14,238
EQUITY & LIABILITIES										
Shareholders' equity	975,276	604,199	292,981	128,885	98,580	156,938	210,710	25,872	14,651	13,632
Minority Interest	48,328	22,233	-	-	-	-	-	-	-	-
Non Current Liabilities	10,413	2,671	986	181	1,343	7,895	11,244	620	476	605
TOTAL FUND INVESTED	1,034,017	629,102	293,967	129,066	99,923	164,833	221,954	26,492	15,127	14,238
Revenue	600,152	462,281	212,454	92,241	67,090	147,421	173,982	41,494	21,535	10,476
Cost of Sales	291,734	163,312	71,245	23,429	53,461	84,095	43,230	14,150	11,010	-
Gross profit	308,418	298,969	141,209	68,811	13,628	63,327	130,753	27,344	10,525	10,476
Operating expenses	140,849	98,545	46,229	51,890	56,028	122,528	34,029	14,190	6,775	8,616
Net Profit for the period	167,569	200,424	94,980	16,921	(42,400)	(59,201)	96,724	13,154	3,751	1,860
Earning Per Share - Basic & Diluted	4.82	13.19	30.04	5.71	(13.59)	(10.71)	31.59	0.44	0.13	0.06

Key Financial Ratios

		2006	2005	2004	2003	2002	2001	2000
Working Capital	Rupees in thousand	606,339	291,374	58,891	24,185	22,428	85,065	145,521
Current Ratio	Times	6.67	4.26	1.74	1.45	1.38	3.00	4.73
Return on Asset Employed	%	12%	29%	25%	10%	-26%	-16%	37%
Return on Equity	%	15%	34%	32%	14%	-42%	-21%	46%
Gross Profit Ratio	%	51%	65%	66%	75%	20%	43%	75%
Net Profit Margin	%	28%	46%	47%	19%	-59%	-22%	56%
Average Collection Period	Days	108	79	60	171	428	256	131
Debtor's Turnover	Times	3.35	4.56	6.01	2.10	0.84	1.41	2.76
Earning Per Share	Rupees	4.82	13.19	30.04	5.71	(13.59)	(10.71)	31.59
Outstanding No of Shares	Shares	34,743,605	15,193,966	3,165,518	3,165,518	3,065,518	3,065,518	3,065,518
Book Value Per Share	Rupees	28.07	39.77	9.81	4.32	3.30	5.26	7.06

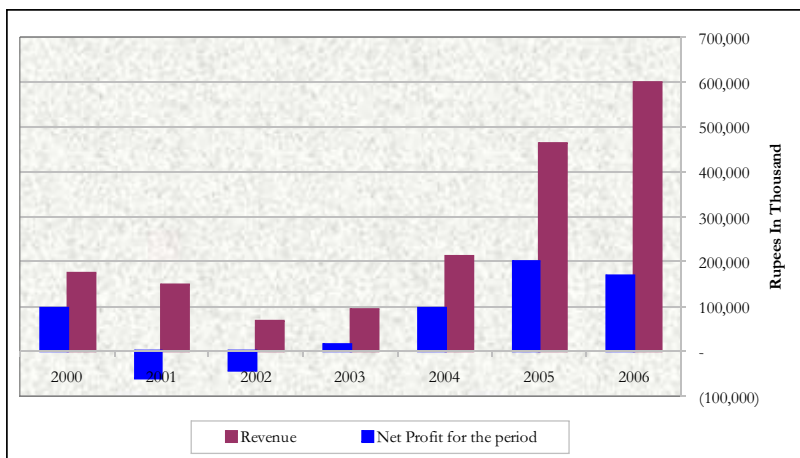
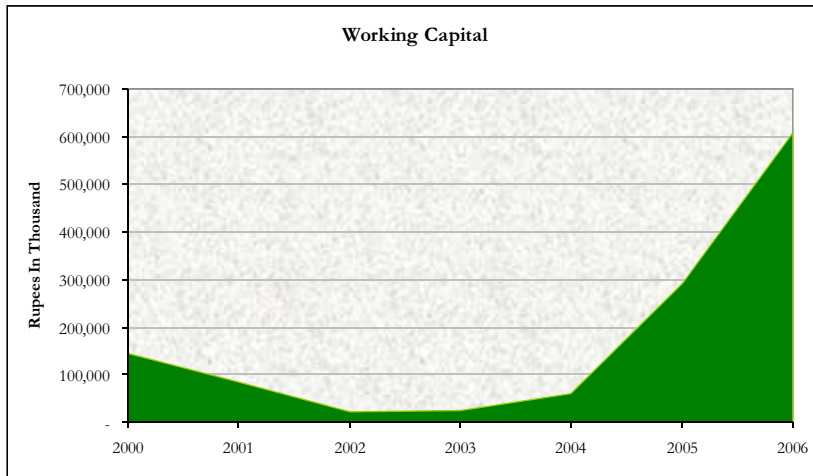


NetSol Group



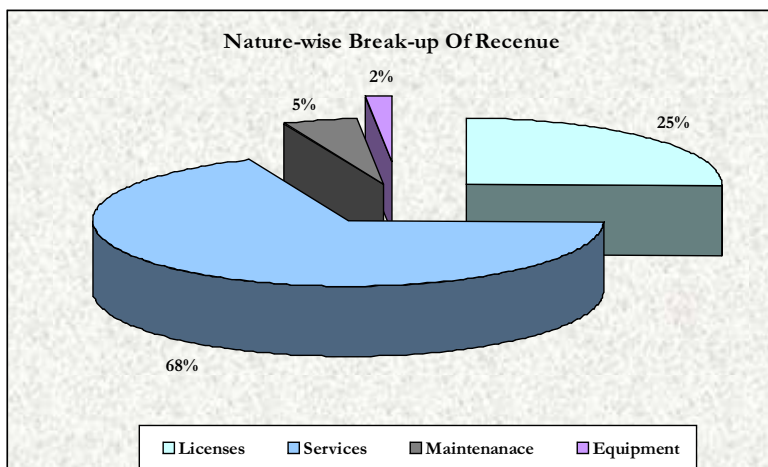
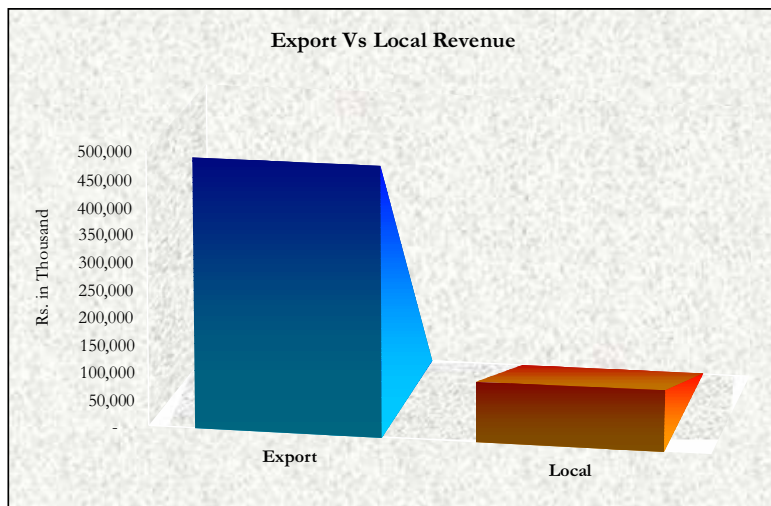
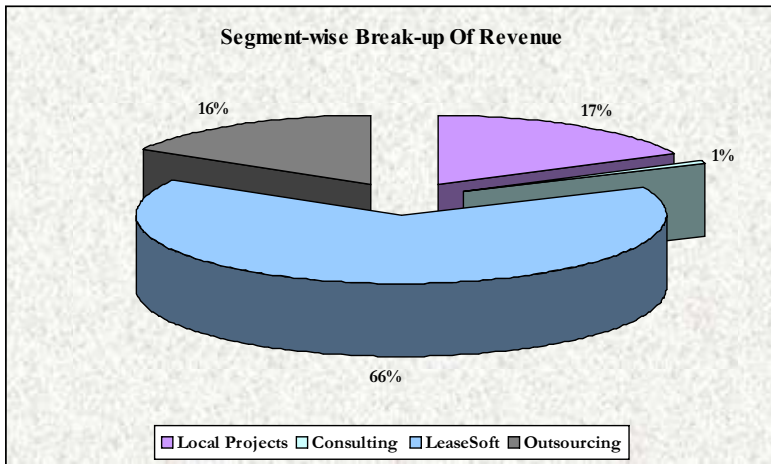


NetSol Group





NetSol Group





Notice of 10th Annual General Meeting

Notice is hereby given that the 10th Annual General Meeting of NetSol Technologies Limited will be held on Friday October 20, 2006, at 10:30 AM at the registered office of the Company situated at NetSol IT Village (Software Technology Park) NetSol Avenue, Main Ghazi Road, Lahore Cantt. to transact the following business:

- To confirm minutes of the last extra-ordinary general meeting held on June 21, 2006.
- To receive, consider and adopt the financial statements for the year ended June 30th, 2006 together with Director's and Auditor's Report thereon.
- To appoint Auditors for the year ending June 30, 2007 and fix their remuneration.
- To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
September 28, 2006

(BOO-ALI)
Company Secretary

NOTES:

- Share transfer books of the Company will remain closed from October 11, 2006 to October 20, 2006. (Both days inclusive).
- A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies, complete in every respect, in order to be effective, must be received at the registered office of the company not less than 48 hours before the time of the meeting.
- Shareholders are requested to notify the change of addresses, if any, immediately to our Share Registrars, M/s THK Associates (Pvt.) Ltd., Ground Floor, State Life Building 3, Dr. Zia-ud-Din Ahmed Road, Karachi-75530 Tele # (92 21) 111-000-322, Fax # (92 21) 5655595.
- CDC Account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:



■ **For Attending the Meeting:**

- In case of individuals, the account holder or sub-account holder's registration details are uploaded as per the CDC regulations shall authenticate his identity by showing his original NIC or original passport at the time of attending the meeting.
- In case of Corporate entity, the board of Director's 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.

■ **For Appointing Proxies:**

- In case of individuals, the Account holder or sub-account holder's registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirements.
- The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original NIC or original passport at the time of the meeting.
- In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the company.



Directors' Report To The Members

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

The Board of Directors of NetSol Technologies Ltd is pleased to present the 10th Annual Report of the company alongwith audited financial statements for the year ended June 30, 2006 and auditors' report thereon as well as consolidated financial statements of the NetSol group.

General Overview & Future Outlook

With the blessings of Almighty Allah, the Board of Directors feels immense pleasure to report that your company has closed another successful year of its operations. Economic activity in the country has drastically improved during the current year. As a result Pakistani public and corporate sectors have started increasing their spending on information technology to achieve operational efficiencies and staying competitive.. Your company has also benefited from expansion in this business activity in the country and has acquired some key contracts in the areas of E-Government and Defense sector automation. Demand for the company's flagship product LeaseSoft in Asia-Pacific & China is growing rapidly and it has made a big break through by adding a blue chip name BMW Financial Services, China in the list of its valuable clients. During the current year the company has sold four licenses of LeaseSoft which will generate incremental revenues in the following years in terms of professional services and maintenance fees. The global IT environment has also been improving steadily and as a result there are now more business opportunities in IT and business process outsourcing arena. Pakistan is now being seen as one of the key IT destinations for outsourcing work along with India, China, etc. Our business in this area has grown tremendously in the year under review as our joint venture company TIG-NetSol has established itself as a centre of excellence for insurance industry serving some of the global giants such as Allstate and Cendent. During the year under review, your company has invested in new upcoming areas like Basel-II, Business Intelligence, consultancy services for Information Security, provision of ERP solution, consultancy for CMMI certifications etc. The management is of the opinion that this is the right time to diversify the business structure and that is why we have invested heavily in these new areas. Some of these areas have already started generating business and we are expecting to get break throughs from others in the near future. Due to this heavy investment, it appears that despite increase in the overall revenues of the company, its net margin & EPS has reduced. Your management believes that this will improve gradually after we start getting results from all the new avenues.

Future outlook for your company seems promising both in the domestic market as well as in export segment. Recent reduction in the bandwidth rates by the Government of Pakistan and State Bank of



Pakistan initiative to make economical finance available to the exporters will definitely push this sector to perform more aggressively in the coming years. We have a healthy sales pipeline for our product LeaseSoft in Asia Pacific as well as in Europe. In the Defence sector, NetSol has tapped certain areas some of which have already been materialized and the remaining are expected to be materialized during the next years. Similarly we expect to close some lucrative contracts in the local market both in the Public and Corporate sectors. The management of your company expects to get steady and healthy revenue from all these areas in the coming years.

Financial Performance

	<u>NetSol Technologies Limited</u>		<u>Consolidated Figures</u>	
	For the Year ended June 30, 2006	For the Year ended June 30, 2005	For the Year ended June 30, 2006	For the Year ended June 30, 2005
	----- <i>Rs. in 000's</i> -----			
Revenue	505,210	436,824	600,152	462,281
Gross Profit	251,941	283,303	308,418	298,969
Net Profit	114,830	198,468	141,474	205,981
Average No. of outstanding shares	34,744	15,194	34,744	15,194
EPS - basic & diluted	3.31	12.21	4.82	13.19

Consolidated revenue from operations during the year 2006 has increased by 30% however net profit shows a declining trend by 31%. This is because of the reason that operating cost of the company has increased substantially during the financial year 2005-2006. Your company has made significant investment in the areas of infrastructure improvement and human resources capacity building. Many new business areas have also been tapped by the company which required heavy initial investment the cost of which is reflected in the operating costs of the company. However return from the new ventures is expected to be realized during the coming years. Due to this increasing cost and further issue of capital during the current year under IPO, EPS also appears to be reduced. Management is of the opinion that this downfall in EPS is of short term nature and, with all the new business areas generating revenues in the coming years, EPS will be increased automatically.

Corporate Governance

Your company is 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 the Karachi Stock Exchange. Statement of compliance with the Code of Corporate Governance is annexed.



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 (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The Board is satisfied that the company is doing well and there are no significant doubts upon the listed company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of Karachi Stock Exchange.
- Key operating and financial data of last six years is annexed herewith.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2006 except those as disclosed in the financial statements.
- Value of the Provident Fund investments as on June 30, 2006 was Rs. 16.65 million (June 30, 2005: Rs. 12.38 million)
- No material changes and commitments affecting the financial position of your company have occurred between the end of the financial year to which this balance sheet relates and the date of the directors' report.

Listing on Karachi Stock Exchange

This year your company achieved another landmark by listing its securities on Karachi Stock Exchange. We are proud to be the first Software Company in Pakistan to be listed on any stock exchange here. We believe that this is a remarkable achievement for the IT industry of Pakistan in general and for NetSol in particular.

Merger of Subsidiary Company

Another major activity undertaken at NetSol during the year is the merger of its subsidiary company NetSol (Pvt) Limited with and into NetSol Technologies Limited. To get more synergic advantage by consolidating both the domestic and overseas operations into one company, the management of NetSol Technologies decided to merge the affairs of the subsidiary company within itself. NetSol (Pvt) Limited, a 90% owned subsidiary looking after the domestic business, was subsequently



converted into a wholly owned subsidiary during the year with the approval of the shareholders and the Securities & Exchange Commission of Pakistan. On the petition filed by the company, the Honorable Judge of Lahore High Court, in his orders approved the scheme of arrangement and merger of NetSol (Pvt) Limited with NetSol Technologies Limited w.e.f., July 01, 2005.

Achieving the hallmark of CMMI Level 5 Certification

Your company received the prestigious Capability Maturity Model (CMMI) Level 5 rating by the Carnegie Mellon Software Engineering Institute (SEI). CMMI L5 status, the most rigorous and highest rating available, recognizes global software developers focusing on best practices in product development. Only 94 of the world's software organizations are currently rated CMMI L5.

Pakistan's Minister for Information Technology, Mr. Awais Ahmad Khan Leghari, presented NetSol management with its CMMI Level 5 certificate in a ceremony held in Islamabad.

The Capability Maturity Model for Software (CMMI) is a model for judging the maturity of the software processes of an organization and for identifying the key practices that are required to increase the maturity of these processes. The CMMI has been developed by the software community with stewardship by the Software Engineering Institute (SEI), Carnegie Mellon University.

The CMMI has become a de facto standard for assessing and improving software processes. Through the CMMI, the SEI and community have established an effective means for modeling, defining and measuring the maturity of the processes used by software professionals.

NetSol was the first software company in Pakistan to get ISO 9001 certification back in 1998. It was again the first IT company of Pakistan to get CMM maturity level 2, 3 & 4. Your directors are proud to announce that NetSol is the first and the only company of Pakistan to get the CMMI level 5 maturity. This is a tremendous achievement not only for NetSol but for Pakistan as well. By achieving this highest certification in the field of software industry, NetSol has joined the elite club of global IT giants like IBM, Boeing, Infosys and Lockheed Martin etc., offering the highest quality of products and services.

Dividend

Your company is in the process of expanding into new business areas and is investing heavily in infrastructure, human capital, new avenues and marketing. Therefore considering the future funding requirements to sustain business growth, the Board of Directors has decided not to recommend any dividend for the financial year ended June 30, 2006.

Board of Directors

The current Board of Directors comprises of eight members out of which six members are non-



executive directors. The current members of the board of directors have been listed in the company profile. During the year under review, Mr. Edward Allen Holmes, director of the company resigned on February 05, 2006 which was duly accepted by the board. Mr. Sajjad Hussain Kirmani was appointed in his place to fill the casual vacancy. The board places on record its gratitude for the services rendered by Mr. Holmes during his tenure as director of the company.

Attendance at Board Meetings

During the year ended June 30, 2006 six (06) board meetings were held and were attended as follows:

Name of Director	Name of Alternate Director	No. of Meetings Attended
Salim Ullah Ghauri		06
Najeeb Ullah Ghauri	Col ® Shakeel Kazmi	05
Naeem Ullah Ghauri	Ayub Ghauri	05
Abdul Rasheed		05
Irfan Mustafa		02
Edward Allen Holmes #	Sajjad Hussain Kirmani	04
Sajjad Hussain Kirmani *		02
Shahid Javed Burki	Zahid Bashir Mirza	06
Eugen Beckert	Rehmat Ullah Ghauri	04
#	Outgoing Director	
*	Incoming Director	

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

During the year under review, CEO, Directors, CFO, Company Secretary and their spouses and minor children have made no transaction in the company's shares except as stated below:

Name	Designation	Shares Purchased	Shares Sold
Salim Ullah Ghauri	Chief Executive	50,000	-
Najeeb Ullah Ghauri	Director	65,000	70,000
Edward Allen Holmes	Director	-	20,000
Sajjad H. Kirmani	Director	20,000	-

Audit Committee

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

Name of Director	Designation	Executive/ Non-Executive
Eugen Beckert	Chairman	Non-Executive Director
Abdul Rasheed	Member	Non-Executive Director
Irfan Mustafa	Member	Non-Executive Director
Sajjad Hussain Kirmani	Member	Executive Director

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



Holding Company

NetSol Technologies Inc., USA, a Nevada Corporation, 24025 Park Sorrento Ste. 220, Calabasas, CA 91302 holds majority of shareholding of the company.

Auditors

The retiring auditors, Messrs Saeed Kamran Patel and Company, Chartered Accountants being eligible, offer themselves for reappointment. The Board of Directors, on recommendation of the Audit Committee, has proposed appointment of Messrs Saeed Kamran Patel & Co., Chartered Accountants for the financial year ending June 30, 2007.

Pattern of Shareholding

Pattern of shareholding as at June 30, 2006 including the information under the code of corporate governance is annexed.

Acknowledgment

The Board of Directors places on record its appreciation for the support by its shareholders, valued customers, government agencies and financial institutions which enabled the company to achieve good 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 these efforts in future.

For and on behalf
of the Board of Directors

Lahore
September 22, 2006

Salim Ullah Ghauri
Chairman/CEO



Review Report To The Members On Statement Of Compliance With Best Practices Of Code Of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the code of Corporate Governance prepared by the Board of Directors of NetSol Technologies Limited to comply with the Listing regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited where the company is listed.

The responsibility for the compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to that 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 of Corporate Governance and report if it does not. 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 part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 of Corporate Governance as applicable to company for the year ended June 30, 2006

Lahore:
September 22, 2006

Saeed Kamran Patel & Co.
Chartered Accountants



Statement of Compliance with Best Practices of the Code of Corporate Governance

For the Year Ended June 30, 2006

- The Statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulation No. 37 of Karachi Stock Exchange (Guarantee) 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 Code in the following manner:
- The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes six independent non-executive directors.
- The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
- 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 NBFIs or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
- One casual vacancy occurred during the year which was duly filled in by the Board of Directors as mentioned in clause (vi) of Code of Corporate Governance.
- The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
- 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.
- 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 have been taken by the Board.
- Meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose. Board met at least once in every quarter. 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.
- The Board had arranged an orientation course for its directors to remind them of their duties and responsibilities.
- The Board has approved the appointment along with their remuneration and terms & conditions of employment of CFO, Company Secretary & Head of Internal Audit.
- Director's report for the year ended June 30, 2006 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.



- Financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- Company has complied with all the corporate and financial reporting requirements of the Code.
- The Board has formed an Audit Committee which comprises of four members of whom three are independent non-executive directors including the Chairman of the committee.
- Meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. Terms of reference of the committee have been formed and advised to the committee for compliance.
- The Board has set-up an effective internal audit function managed by suitably qualified and experienced personnel who is well conversant with the policies and procedures of the company and is involved in the internal audit function.
- Statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the institute of chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
- 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.
- We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board of Directors

Lahore

September 22, 2006

(Salim Ullah Ghauri)

Chairman/CEO



Auditors' Report To The Members

We have audited the annexed balance sheet of NetSol Technologies Limited as at June 30, 2006 and the related profit and loss account, 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 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 International Standards on Auditing 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, cash flow statement and the 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, 2006 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore:
September 22, 2006

Saeed Kamran Patel & Co.
Chartered Accountants



BALANCE SHEET

As at June - 30, 2006

	NOTES	2006 Rupees '000'	2005 Rupees '000'
ASSETS			
FIXED CAPITAL EXPENDITURE			
Operating Fixed Assets	4	307,788	222,845
Capital Work In Progress		-	7,855
Intangible Assets	5	68,202	55,441
		<u>375,990</u>	<u>286,141</u>
LONG TERM INVESTMENTS	6	15,188	15,188
LONG TERM LOANS	7	31,628	40,428
CURRENT ASSETS			
Current maturity of long term loans	7	3,800	-
Account receivables - Unsecured		150,765	145,871
Excess of revenue over billing	8	251,072	117,302
Advances, deposits, prepayments and other receivables	9	93,786	48,800
Due From related parties	10	5,109	2,925
Cash & bank balances	11	127,276	30,962
		631,808	345,860
		<u>1,054,614</u>	<u>687,617</u>
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized Capital 50,000,000 ordinary shares of Rs.10/- each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up capital 35,482,000 ordinary shares of Rs.10/- each	12	354,820	255,000
Capital reserve	13	189,470	60,000
Share deposit money	14	313	-
Un - appropriated profit		396,516	281,686
Total shareholders' equity		<u>941,119</u>	<u>596,686</u>
NON CURRENT LIABILITIES			



NON CURRENT LIABILITIES

Liabilities against assets subject to finance lease	15	7,918	1,929
Deferred Income	16	2,495	742

CURRENT LIABILITIES

Current portion of lease liability		5,462	3,101
Short term financing	17	40,000	22,000
Creditors, accrued and other liabilities	18	43,191	53,123
Excess of billing over revenue	19	12,506	8,886
Provision for taxation		1,923	1,150

CONTINGENCIES & COMMITMENTS

	20	103,082	88,260
		-	
		<u>1,054,614</u>	<u>687,617</u>

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR



PROFIT & LOSS ACCOUNT
For the year ended June - 30, 2006

	NOTES	2006 Rupees '000'	2005 Rupees '000'
Revenue	21	505,210	436,824
Cost of Sales	22	253,269	153,521
Gross profit		<u>251,941</u>	<u>283,303</u>
Operating expenses			
Administrative and General Expenses	23	89,791	57,403
Selling & Promotion Expenses	24	60,987	26,978
		<u>150,778</u>	<u>84,381</u>
Operating profit		<u>101,163</u>	<u>198,922</u>
Other income / (expenses)	25	20,211	3,208
Financial charges	26	(5,759)	(3,997)
Net Profit for the period before taxation		<u>115,615</u>	<u>198,133</u>
Taxation			
Current		773	917
Prior		12	(1,252)
Net Profit for the period after taxation		<u>114,830</u>	<u>198,468</u>
Un - appropriated profit brought Forward		281,686	125,788
Translation loss on share deposit money		-	(12,915)
Profit available for appropriation		<u>396,516</u>	<u>311,341</u>
Appropriation:			
Bonus Shares			(29,655)
Un - appropriated profit carried Forward		<u>396,516</u>	<u>281,686</u>
Earning Per Share - Basic & Diluted	27	<u>3.31</u>	<u>12.21</u>

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR



CASH FLOW STATEMENT

For the year ended June - 30, 2006

	2006 Rupees '000'	2005 Rupees '000'
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit for the period before tax	115,615	198,133
Add: Non cash charges to income		
Depreciation - own assets	30,841	19,334
Amortization of lease assets	5,502	2,177
Amortization of intangible assets	4,198	3,507
(Gain)/Loss on disposal of fixed assets	2,275	124
Amortization of Deferred revenue	(1,054)	(371)
Exchange (gain) / loss on debtors	(3,961)	(1,055)
Interest	919	931
Bad debts	478	873
	<u>39,198</u>	<u>25,520</u>
<i>Cash flows from operating activities before working capital</i>	154,813	223,653
 <i>Decrease / (increase) in current assets & liabilities</i>		
Accounts receivables	(132,420)	(163,472)
Due from related parties	(2,184)	181
Advances, prepayments and other receivables	(39,833)	(39,188)
Creditors, accrued and other liabilities	(9,932)	14,600
<i>Cash generated from operations</i>	(184,369)	(187,879)
Interest paid	(919)	(931)
Taxes paid	(3,871)	(3,617)
<i>Net cash flow from operating activities</i>	<u>(34,346)</u>	<u>31,226</u>



CASH FLOWS FROM INVESTING ACTIVITIES

Property and equipments purchased	(114,410)	(31,071)
Sales proceeds of fixed asset	1,244	2,685
Capital Work in Progress	-	(28,064)
Intangible assets	(16,959)	(18,642)
Long Term Investment		(15,188)
Long Term Loan	5,000	(40,428)
<i>Net cash flow from investing activities</i>	(125,125)	(130,708)

CASH FLOWS FROM FINANCING ACTIVITIES

Issuance of share capital	99,820	223,345
Share deposit money	313	(178,110)
Share premium	129,470	60,000
Paid against obligation under capital lease	(7,578)	(3,696)
Received against obligation under capital lease	15,760	5,990
Short term finance	18,000	(4,775)
<i>Net cash flow from financing activities</i>	255,785	102,754
<i>Net (decrease) / increase in cash and cash equivalents</i>	96,314	3,272
<i>Cash and cash equivalents at the beginning of the year</i>	30,962	27,690
<i>Cash and cash equivalents at the end of the period</i>	127,276	30,962

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR



STATEMENT OF CHANGES IN EQUITY

For the year ended June - 30, 2006

	Share Capital	Share Premium	Share Deposit Money	Foreign Currency Translation Rupees in '000'	Retained Earning	Bonus Shares	Total Equity
Balance at June 30, 2004	2,000	-	174,081	(9,468)	150,902	-	317,515
Effect of scheme of arrangement for merger with NetSol (Pvt) Ltd as approved by honourable High Court Lahore	-	-	-	-	(23,326)	-	(23,326)
Net profit for the year ended June 30, 2005	-	-	-	-	196,663	-	196,663
Share deposit money received	-	-	15,255	-	-	-	15,255
Shares issued against share deposit money	183,315	-	(183,315)	-	-	-	0
Right shares issued	30	-	-	-	-	-	30
Bonus shares issued	-	-	-	-	(29,655)	29,655	0
Pre IPO Shares issued	40,000	-	-	-	-	-	40,000
Share premium on Pre IPO	-	60,000	-	-	-	-	60,000
Adjustment of foreign currency translation	-	-	(6,021)	9,468	(12,898)	-	(9,451)
Balance at June 30, 2005 - Restated	225,345	60,000	-	-	281,686	29,655	596,686
Net profit for the year ended June 30, 2006	-	-	-	-	114,830	-	114,830
Share deposit money received	-	-	313	-	-	-	313
Shares issued against IPO	99,820	-	-	-	-	-	99,820
Share premium on IPO	-	129,470	-	-	-	-	129,470
Balance at June 30, 2006	325,165	189,470	313	-	396,516	29,655	941,119

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE ACCOUNTS

1 Legal Status and Nature of Business

NetSol Technologies Limited incorporated in Pakistan on August-22, 1996 under the Companies Ordinance, 1984 as a private company limited by shares later converted into Public limited company on November-05, 2004. The company has been listed on Karachi Stock Exchange on August 26, 2005. The business of the Company is export of computer software and its related services developed in Pakistan. Operations of NetSol (Pvt) Ltd (formerly it's subsidiary company engaged in local business in same field) have been merged in the company w.e.f July-01, 2005 vide orders passed by the honourable High Court Lahore.

2 Basis of preparation

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 Accounting Standards 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 ECP) differ with the requirements of these standards, requirements of the Ordinance or the requirements of the said directives take precedence.

3 Summary of Significant Accounting Policies

3.1 Accounting Convention

These Financial statements have been prepared under the historical cost convention, except for revaluation of certain Financial instruments at fair value.

3.2 Property and equipments

Property and equipment are stated at cost less accumulated depreciation.

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 4.

Depreciation on additions to property and equipments is charged from the year in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of assets, if any, is charged to income.

3.3 Assets subject to Finance Lease

Assets acquired under finance leases are capitalized and are stated at the 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 liabilities

Assets acquired under finance lease are amortized over the useful life of the assets on a reducing balance method at the rates given in note 4.

Amortization on additions to property and equipment is charged for the year 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.

3.4 Intangible assets

There are two components of intangible assets:

- i In-house developed intangible assets
- ii Intangible assets acquired from market

i In-house developed intangible assets

The Company capitalizes certain computer software development costs in accordance with IAS 38 Intangible Assets and USA SFAS No. 86, Accounting for the Costs of Computer Software to be sold, leased, or otherwise marketed. 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 Company 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 Company writes off the amount by which the unamortized software development costs exceed net realizable value. Capitalised software costs are amortised on a product-by-product basis. Annual amortisation is charged by using straight-line method over the remaining estimated economic life of the product including the period being reported on. Amortisation starts when the product is available for general release to customers.



ii **Intangible assets acquired from market**

Intangible assets acquired from market are stated at cost less accumulated amortization.

Amortization is charged by applying reducing balance method to write off the cost over the remaining useful life of the intangible assets. Rates of amortization are stated in note 4.

3.5 **Foreign currency translation**

Transactions denominated in foreign currencies are translated in Pak Rupees at the foreign exchange rate ruling at the date of transaction. Assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates prevailing at the balance sheet date.

All exchange differences are charged to profit and loss account.

3.6 **Financial instruments**

Financial assets

All financial assets have been stated in accordance with the requirements of IAS 39 (Financial Instruments: Recognition and Measurement). Financial assets are initially recognised 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.

NOTES TO THE ACCOUNTS

Financial liabilities

All financial liabilities are initially recognised 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, amortised cost or cost as the case may be.

3.7 **Accounts receivables**

Accounts receivables from local customers are stated at cost while foreign debtors are stated at revalued amount by applying exchange rate applicable on balance sheet date.

3.8 **Investments**

Investments in subsidiary is classified as available for sale and are stated at cost .

3.9 **Revenue recognition**

Revenue from 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 collectibility is probable.

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

Revenue from Rendering of Services

Revenue from software services includes fixed price contracts and 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 Project Manager and EVP IT/ Operations.

Revenue from Maintenance

Revenue from maintenance is recognized on time proportion basis.

Revenue from Sale of Hardware and Third Party Software

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

The Company's revenue recognition policies are in compliance with all applicable accounting regulations including IAS 18 Revenue & US AICPA SOP 81-1 and SOP 97-2, Software Revenue Recognition as amended by SOP 98-4 and 98-9.



3.10 Segment reporting

A segment is a distinguishable component within a company that is engaged in providing products and under a common control environment (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at current and/ or deposit accounts held with banks.

3.12 Staff retirement benefits

Company's retirement benefit plans comprise of provident fund schemes for eligible employees. The company operates contributory provident fund for all its staff. Equal contribution is made by the company in the provident fund on monthly basis.

3.13 Off-setting

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 recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

NOTES TO THE ACCOUNTS

		2006	2005
		Rupees '000'	Rupees '000'
6	LONG TERM INVESTMENT		
	TIG-NetSol (Private) Limited (Subsidiary Co)	6.1	<u>15,188</u>
			<u>15,188</u>
6.1	The Company holds 1,518,785 (Jun-2005: 1,518,785) fully paid ordinary shares of Rs. 10/- each i.e. 50.52% of Equity held (Jun-2005: 50.52%). Based on audited accounts for the year ended June-30, 2006, break-up value per share is Rs. 32.58/-.		
	Mr. Salim Ullah Ghauri is the Chief Executive Officer of the company.		
7	LONG TERM LOANS - Unsecured		
	Opening balance		
	Loan to employees	30,928	-
	Loan to directors	9,500	-
		<u>40,428</u>	-
	Sanctioned during the year		
	To employees	-	30,928
	To directors	-	9,500
		<u>40,428</u>	40,428
	Repayment during the year	(5,000)	-
		<u>35,428</u>	40,428
	Less: current maturity	(3,800)	-
		<u>31,628</u>	<u>40,428</u>
7.1	The Company has granted an unsecured long term loan amounting to Rs 35.428 Million to its employees and directors (June-2005: Rs. 40.428 Million). It carries mark-up @ 9.04% p.a. (Jun-2005: 7%) which is 1% above the weighted average borrowing cost of the company. The maximum amount outstanding during the year under this head at any point of time was Rs.40.428 Million.		
	These loans are provided under staff loan scheme to employees to facilitate purchase/construction of residential houses and are repayable over a period of 10 years.		

8 EXCESS OF REVENUE OVER BILLING

t represents unbilled debtors arising due to recognition of revenue on the basis of percentage of completion as per IAS 18 Revenue and AICPA SOP 81-1



9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loan to employees		681	115
Advances - considered goods			
- To employees		183	74
- Against expenses		10,841	9,413
- Against assets		15,011	-
- For software & licenses		28,851	12,176
Security deposit		2,270	952
Prepayments		2,534	12,649
Advance income tax		5,153	1,282
Tender money receivable		6,955	4,323
Mark up receivable		7,286	1,324
Other receivable		14,021	6,492
		93,786	48,800

10 DUE FROM RELATED PARTIES

NetSol Connect (Pvt.) Ltd.		2,814	2,735
NetSol Consulting Services (Pvt) Ltd		-	64
TiG NetSol (Pvt) Ltd		2,295	126
		5,109	2,925

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

11 CASH AND BANK BALANCES

At banks			
Saving accounts	11.1	21,006	16,981
Current accounts		337	13,578
Term deposit	11.2	105,000	-
		126,343	30,559
In hand		933	403
		127,276	30,962

11.1 The balances in savings accounts bear mark up which ranges from 0.75 % to 2 % per annum.

11.2 The balances placed in fixed deposit accounts are less than 90 days and bear mark up which ranges from 9.5 % to 10 % per annum

12 ISSUED, SUBSCRIBED & PAID-UP CAPITAL

Jun-2006 (Numbers of shares)	Jun-2005			
32,516,482	22,534,482	Ordinary Shares of Rs. 10 each (Jun-2005: 10 each) fully paid in cash	325,165	225,345
2,965,518	2,965,518	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	29,655	29,655
35,482,000	25,500,000		354,820	255,000

13 CAPITAL RESERVES

Share Premium		13.1	189,470	60,000
---------------	--	------	----------------	---------------

13.1 Total premium of Rs. 209.73/- Million was charged on issuance of 13,982,000 ordinary shares of Rs. 10/- each @ premium of Rs. 15/- per share. This account has been adjusted for expenses directly attributable to the IPO of the company.



14 SHARE DEPOSIT MONEY

From general public	14.1	313	-
14.1	his represents amount received from general public for issuance of shares which is confiscated by the company due to duplication of applications. The case has been referred to SECP for further decision.		

15 Liabilities against assets subject to Finance Lease

Present value of minimum lease payments		13,380	5,030
Less: Current portion of obligations shown under current liabilities		5,462	3,101
		<u>7,918</u>	<u>1,929</u>

Present value of minimum lease payments have been discounted at an implicit interest rate from 9% 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 period in which these payments will become due are as follows:

	Minimum Lease	Future Finance	Present value of lease liability	
Not later than one year	6,922	1,460	5,462	3,101
Later than one year but not later than five years	8,895	977	7,918	1,929
	<u>15,817</u>	<u>2,437</u>	<u>13,380</u>	<u>5,030</u>

16 DEFERRED INCOME

Un amortized gain on sale and lease back transaction		2,495	742
16.1	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.		

17 SHORT TERM FINANCING

Export refinance - Secured	17.1	40,000	22,000
Running Finance - Secured	17.2	-	-
		<u>40,000</u>	<u>22,000</u>

17.1 The facility for export refinance available from Askari Commercial Bank Ltd amount to Rs 40 million (Jun-2005: Rs 22 million) and carry mark-up ranging from 7% to 9% per annum (Jun-2005: 5% to 8% per annum). The due balance is payable in bi-annually installments.

17.2 The company has also running finance facility from Askari Commercial Bank Ltd up to Rs. 7 Million

All these facilities are secured by way of first charge of hypothecation over the company's current & future current assets up to Rs. 50 Million. and balance Rs. 50 Million by way of hypothecation charge over the land and equipment of the Company

18 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		17,036	18,590
Accrued liabilities		23,087	13,961
Advance from customers		-	274
Interest payable		1,117	621
Other payables		150	18,834
Security refundable		223	223
Due to related parties- NetSol Consulting Services (Pvt) Ltd		269	-
Withholding tax		1,309	620
		<u>43,191</u>	<u>53,123</u>



19 EXCESS OF BILLING OVER REVENUE

It represents maintenance fee received in advance and transferred to revenue from maintenance on time proportion basis.

20 CONTINGENCIES & COMMITMENTS

The company has no contingent liabilities & commitments outstanding as at June-30, 2006 except to the tune of Rs. 22.38/- million guarantees issued to various customers against sale of softwares and allied services.

NOTES TO THE ACCOUNTS

	2006 Rupees '000'	2005 Rupees '000'
21 REVENUE		
Export Revenue		
License	149,223	223,825
Services	217,337	150,511
Maintenance	28,681	16,298
Local Revenue		
License	2,880	30,327
Services	96,943	15,863
Maintenance	234	-
Equipment	9,912	-
	505,210	436,824
22 COST OF SALES		
Staff salaries & benefits	134,961	77,694
Third Party software & hardware	11,743	-
Staff training	5,517	3,355
Rent, rates & taxes	300	701
Traveling & conveyance	36,392	30,836
Communication	3,781	3,880
Utilities	8,724	5,416
Printing & stationery	1,993	865
Entertainment	4,407	1,940
Insurance	511	505
Vehicle running & maintenance	943	395
Repair & maintenance	12,384	6,248
Certifications	422	3,496
Fee & Subscription	-	116
Depreciation	4.1 22,909	13,105
Amortization of leased assets	4.4 4,084	1,462
Amortization of intangible assets	5.1 4,198	3,507
	253,269	153,521
23 ADMINISTRATIVE & GENERAL EXPENSES		
Directors remuneration	4,827	4,609
Staff salaries and benefits	29,744	16,745
Staff training	98	78
Rent, rates and taxes	1,259	759
Traveling and conveyance	6,434	3,255
Communication & postage	1,441	900
Printing and stationery	595	284
Utilities	3,955	1,914



Entertainment		2,529	3,372
Insurance		579	300
Advertisement		1,467	502
Vehicle running expenses		2,926	1,712
Repairs and maintenance		7,756	7,386
Legal and professional charges		4,686	2,850
Auditors remuneration	23.1	1,200	1,250
News papers & periodicals		156	24
Security expenses		1,415	2,374
Office supplies		618	346
Charity & Donation		7,458	165
Miscellaneous expenses		105	284
Fee & subscription		715	477
Depreciation	4.1	7,932	6,229
Amortization of leased assets	4.4	1,418	715
Bad Debts		478	873
		<u>89,791</u>	<u>57,403</u>

23.1 AUDITOR REMUNERATION

Audit fee	300	300
Certifications including half yearly review and group reporting	550	450
Professional services	250	400
Out-of-pocket expenses	100	100
	<u>1,200</u>	<u>1,250</u>

NOTES TO THE ACCOUNTS

	2006 Rupees '000'	2005 Rupees '000'
24 SELLING & PROMOTION EXPENSES		
Staff salaries & benefits	17,642	10,945
Staff training	924	175
Rent, rates & taxes	2,879	105
Traveling and conveyance	10,838	5,088
Communication	1,561	472
Utilities	647	491
Printing & stationery	314	150
Entertainment	951	279
Insurance	65	52
Vehicle running expenses	853	194
Repairs and maintenance	2,314	-
Commission on sales	1,378	-
Advertisement	2,019	5,343
Tender money	31	41
Sale Promotional Exp.	18,571	3,643
	<u>60,987</u>	<u>26,978</u>

25 OTHER INCOME / (EXPENSES)

Gain / (Loss) on foreign currency translation	3,961	1,055
Profit on bank deposit	497	186
Amortization of deferred revenue	1,054	371
Rental income	4,573	396
Gain / (Loss) on disposal of assets	(2,275)	(124)
Mark up on loans	3,725	1,324
Profit on short term investment	8,676	-
	<u>20,211</u>	<u>3,208</u>



26 FINANCIAL CHARGES

Lease finance charges	935	914
Interest on short term loans	3,772	2,591
Lease documentation charges	46	45
Bank charges	1,006	447
	<u>5,759</u>	<u>3,997</u>

27 EARNING PER SHARE - BASIC & DILUTED

Profit after taxation for the year	<u>114,830</u>	<u>185,553</u>
Average number of ordinary shares in issue during the year	<u>34,744</u>	<u>15,194</u>
Earning per share basic & diluted	<u>3.31</u>	<u>12.21</u>

28 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:

	Chief Executive		Directors		Executives	
	2006	2005	2006	2005	2006	2005
	Rupees in '000'					
Managerial remuneration	2,900	2,000	301	619	20,620	9,231
Retirement benefits	-	-	33	72	1,215	459
Group insurance	3	-	1	-	44	-
Rent and house maintenance	1,160	800	120	234	8,248	4,154
Utilities	290	200	30	62	2,062	462
Medical expenses	5	-	21	-	650	110
Total	<u>4,357</u>	<u>3,000</u>	<u>506</u>	<u>987</u>	<u>32,838</u>	<u>14,417</u>
No. of Persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>30</u>	<u>19</u>

29 TRANSACTION WITH RELATED PARTIES

Related parties comprise holding, 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.

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

NOTES TO THE ACCOUNTS

	2006 Rupees '000'	2005 Rupees '000'
NetSol CQ UK		
Services rendered to	8,351	-
Expenses incurred by	<u>11,278</u>	-
TIG-NetSol (Private) Limited		
Sale of Assets	<u>3,050</u>	-
Employees & directors		
Interest on loan to employees and director	<u>3,725</u>	<u>1,324</u>



30 FAIR VALUE OF FINANCIAL ASSETS & LIABILITIES

Carrying amounts of the financial assets and liabilities approximate their fair values.

31 INTEREST / MARK-UP RISK MANAGEMENT

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, following table indicate their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

	2 0 0 6			2 0 0 5		
	Interest / mark-up bearing	Non-Interest /mark-up bearing	TOTAL	Interest / mark-up bearing	Non-Interest /mark-up bearing	TOTAL
	Rupees in '000'			Rupees in '000'		
Financial Assets						
Maturity up to one year:						
Accounts receivable	-	150,765	150,765	-	145,871	145,871
Excess of revenue over billing	-	251,072	251,072	-	117,302	117,302
Security deposits	-	2,270	2,270	-	952	952
Tender money receivable	-	6,955	6,955	-	4,323	4,323
Mark up receivable	-	7,286	7,286	-	1,324	1,324
Other receivables	-	14,021	14,021	-	6,492	6,492
Cash & bank balances	126,006	1,270	127,276	16,981	13,981	30,962
Maturity after one year:						
Lon term investment	-	15,188	15,188	-	15,188	15,188
Long term loans and advances	35,428	-	35,428	40,428	-	40,428
Total Financial Assets	161,434.00	448,827	610,261	57,409	305,433	362,842
Financial Liabilities						
Maturity up to one year:						
Short term financing	40,000	-	40,000	22,000	-	22,000
Trade creditors	-	17,036	17,036	-	18,590	18,590
Security refundable	-	223	223	-	223	223
Interest payable	-	1,117	1,117	-	621	621
Other payables	-	150	150	-	18,834	18,834
Lease liabilities	5,462	-	5,462	3,101	-	3,101
Maturity after one year:						
Lease liabilities	7,918	-	7,918	1,929	-	1,929
Total Financial Liabilities	53,380	18,526	71,906	27,030	38,268	65,298
Net financial assets / (liabilities)	108,054	430,301	538,355	30,379	267,165	297,544



31.1 INTEREST RATE RISK EXPOSURE

The company is exposed to interest / mark - up rate risk on some of the financial assets and obligations. Rates of interest / mark - up and their maturities are given in the respective notes.

32 CONCENTRATION OF 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. The Company does not have significant exposure to any individual customer. 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.

NOTES TO THE ACCOUNTS

33 FOREIGN EXCHANGE RISK MANAGEMENT

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 revenues and borrowings that are entered in a currency other than Pak Rupees.

34 SEGMENT REPORTING

	Asia Pacific		Australia & USA		Others		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	Rupees in '000'		Rupees in '000'		Rupees in '000'		Rupees in '000'	
Revenue								
Sales	420,739	358,731	64,515	72,817	19,956	5,276	505,210	436,824
Cost of sales	210,922	126,075	32,342	25,591	10,004	1,854	253,268	153,520
Gross profit	209,816	232,656	32,173	47,226	9,952	3,422	251,941	283,304
Administrative expenses	74,778	47,141	11,466	9,569	3,547	693	89,791	57,403
Selling expenses	50,790	22,155	7,788	4,497	2,409	326	60,987	26,978
Operating profit	84,249	163,360	12,919	33,160	3,996	2,402	101,164	198,922
Other Income	16,832	2,634	2,581	535	798	39	20,211	3,208
Other / Financial charges	4,796	3,282	735	666	226	48	5,757	3,996
Segment result	96,285	162,712	14,765	33,029	4,568	2,393	115,618	198,134
Other Information								
Segment assets	396,703	283,079	-	-	-	-	396,703	283,079
Depreciation	36,343	21,511	-	-	-	-	36,343	21,511
Non cash expenses other than depreciation	4,676	4,380	-	-	-	-	4,676	4,380
Segment liabilities	96,571	80,153					96,571	80,153

34.1 Asia Pacific includes : Pakistan, China, Thailand, Japan, Taiwan & Korea ; Australia & USA includes: Australia, New Zealand & USA Others include Europe & Middle East.



35 ANNUAL SOFTWARE DEVELOPMENT CAPACITY

NetSol Technologies Ltd is engaged in Software development, maintenance and licensing, due to the complicated nature of the software development process annual development capacity can not be determined.

36 TAXATION

Income of the Company from export of computer software and its related services developed in Pakistan is exempt from tax as per clause 133 of the Second Schedule to the Income Tax Ordinance, 2001 upto 2016. However tax as per applicable rates is charged to the income of the company generated from local business activities.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September - 22, 2006 by the Board of Directors.

38 FIGURES

Figure have been rearranged and reclassified to give the retrospective effect of merger of NetSol (Private) Limited under IAS 22 Business Combination for the purpose of comparison.

Figures have been rounded off to the nearest thousand rupee

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE ACCOUNTS

		2006 Rupees '000'	2005 Rupees '000'
4	OPERATING FIXED ASSETS		
	Net book value of owned assets	4.1	285,041
	Net book value of leased assets	4.4	22,747
	Total		307,788
			212,193
			10,652
			222,845

Particulars	COST			Rate %	DEPRECIATION			As at Jun-30 2006	Net book value as at Jun 30-2006 Rupees in '000'
	As at July-01 2005	Additions / (Deletions)	As at Jun-30 2006		As at July 01, 2005	Adjustment during the year	Charge for the period		
<i>Tangible Assets</i>									
Land	11,123	25,476	36,599		-	-	-	-	36,599
Building	175,464	22,112	197,576	5	11,813	-	9,288	21,101	176,475
Computers	45,368	20,139 (6,000)	59,507	33	28,873	(1,980)	10,763	37,656	21,851
Air conditioners	4,919	3,056 (221)	7,754	10	1,944	(37)	585	2,492	5,262
Furniture & fixtures	10,205	5,024 (200)	15,029	10	3,554	(33)	1,151	4,672	10,357
Office equipment	3,513	2,496	6,009	10	977	-	503	1,480	4,529
Electric fittings	4,067	872	4,939	10	692		425	1,117	3,822
Vehicles	2,207	24,986 (8,943)	18,250	20	1,530	(1,744)	3,693	3,479	14,771
Generator	494	4,052 (3,650)	896	10	78	(274)	383	187	709
<i>Intangible Assets</i>									
Softwares	9,333	13,962 (7,110)	16,185	33	5,036	(4,770)	5,253	5,519	10,666
2006	266,693	122,175 (26,124)	362,744		54,497	(8,838)	32,044	77,703	285,041
2005	127,463	143,176 (3,948)	266,691		34,429	(695)	20,764	54,498	212,193

4.2 Depreciation is allocated in the following manner

	2006 Rupees '000'	2005 Rupees '000'
Cost of sales	22,909	13,105
Administrative expenses	7,932	6,229
Development Cost	1,203	1,430
	32,044	20,764

4.3 Disposal of Operating fixed assets

Details of operating property and equipment disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book value	Sale proceed	Profit / (Loss)	Mode of Disposal	Particular of purchaser
Motor Vehicle. Toyota Corolla	764	524	240	260	20	Negotiation	Open Market
Motor Vehicle. Toyota Corolla	750	180	570	613	43	Negotiation	Open Market
Motor Bike. Honda CG 125	67	49	18	20	2	Negotiation	Mr. Salim Khan
Air Conditioners	221	37	184	184	-	Negotiation	TIG-NetSol (Private) Limited
Furniture & Fixture	200	33	167	167	-	Negotiation	TIG-NetSol (Private) Limited
Computers	6,000	1,980	4,020	6,000	1,980	Sale and leased back	Saudi Pak Leasing Company
Motor Vehicle. Honda Civic	1,120	161	959	1,038	79	Sale and leased back	Bank Alfalah Limited
Motor Vehicle. Toyota Altis	1,317	197	1,120	1,283	163	Sale and leased back	Bank Alfalah Limited
Motor Vehicle. Mercedes E200	5,743	862	4,881	5,318	437	Sale and leased back	Bank Alfalah Limited
Generator 450 KVA	3,650	274	3,376	3,525	149	Sale and leased back	Bank Alfalah Limited
Total - 2006	19,832	4,297	15,535	18,408	2,873		
Total - 2005	575	373	202	115	(87)		



4.4 ASSETS SUBJECT TO FINANCE LEASE

Following is the statement of leased assets:

Particulars	COST			AMORTIZATION					Net book value as at Jun 30-2006 Rupees in '000'
	As at July-01 2005	Additions / (Deletions)	As at Jun-30 2006	Rate %	As at July 01, 2005	Adjustment during the year	Charge for the period	As at Jun-30 2006	
Vehicles	6,643	7,638 (817)	13,464	20	3,420	(229)	2,055	5,246	8,218
Generator	2,735	4,751	7,486	10	294	-	719	1,013	6,473
Computers	3,654	6,000	9,654	33	1,686	-	2,629	4,315	5,339
Electric fittings	1,118	-	1,118	10	112	-	101	213	905
Office equipment	1,659	-	1,659	10	166	-	149	315	1,344
Air Conditioners	578	-	578	10	58	-	52	110	468
2006	16,387	18,389 (817)	33,959		5,736	(229)	5,705	11,212	22,747
2005	11,154	9,108 (3,874)	16,388		5,077	(1,724)	2,383	5,736	10,652

4.5 Amortization is allocated in the following manner

	2006 Rupees '000'	2005 Rupees '000'
Cost of sales	4,084	1,462
Administrative expenses	1,418	715
Development Cost	203	206
	<u>5,705</u>	<u>2,383</u>

5 INTANGIBLE ASSETS

Particulars	COST			AMORTIZATION					Net book value as at Jun 30-2006 Rupees in '000'
	As at July-01 2005	Additions / (Deletions)	As at Jun-30 2006	Rate %	As at July 01, 2005	Adjustment during the year	Charge for the period	As at Jun-30 2006	
In-house									
Developed softwares									
CMS Software	21,458	-	21,458	10	4,292	-	2,146	6,438	15,020
ePOS Software	3,521	-	3,521	10	704	-	352	1,056	2,465
WFS Software	17,000	-	17,000	10	1,009	-	1,700	2,709	14,291
Under Development									
Inbanking (PTS) Software	10,634	15,854	26,488		-	-	-	-	26,488
Knit Info System	4,271	71	4,342		-	-	-	-	4,342
NetSol's Pay Soft	4,562	1,034	5,596		-	-	-	-	5,596
2006	61,446	16,959	78,405		6,005	-	4,198	10,203	68,202
2005	42,804	18,642	61,446		2,498	-	3,507	6,005	55,441

5.1 Amortization is allocated in the following manner

	2006 Rupees '000'	2005 Rupees '000'
Cost of sales	4,198	3,507
	<u>4,198</u>	<u>3,507</u>



Pattern of Shareholding

As at June 30, 2006

S. No.	Categories of Shareholders	Number of Shareholders	Shares Held	% of Total Capital
1.	Directors, CEO & their spouses & minor Children:			
	Mr. Najeeb Ullah Ghauri	01	415,500	1.171
	Mr. Naeem Ullah Ghauri	01	100,500	0.283
	Mr. Salim Ullah Ghauri	01	100,500	0.283
	Mr. Irfan Mustafa	01	100,500	0.283
	Mr. Shahid Javed Burki	01	50,500	0.142
	Mr. Sajjad Hussain Kirmani	01	20,000	0.056
	Mr. Ayub Ghauri	01	15,000	0.042
	Mr. Eugen Beckert	01	500	0.002
	Mr. Abdul Rashid	01	500	0.002
2.	Holding Company:			
	NetSol Technologies Inc.	01	21,496,000	60.583
3.	Banks, DFI & NBFIs	04	901,000	2.539
4.	Public Sector Cos. & Corporations	01	440,000	1.240
5.	Modarabas & Mutual Funds	05	2,710,000	7.634
6.	Insurance Companies	01	10,000	0.028
7.	General Public:			
	a) Local	1848	7,766,250	21.888
	b) Foreign	06	19,500	0.055
8.	Others	35	1,335,750	3.766
	Total	1910	35,482,000	100.000



Shareholding

No. of Shareholders	From	To	Total Shares Held
1	1	100	100
801	101	500	400400
371	501	1000	371000
495	1001	5000	1375500
98	5001	10000	791000
31	10001	15000	395500
24	15001	20000	449000
15	20001	25000	364500
10	25001	30000	292000
05	30001	35000	164500
05	35001	40000	188000
06	40001	45000	252000
16	45001	50000	795500
03	50001	55000	156000
02	55001	60000	118000
02	65001	70000	139000
08	95001	100000	800000
03	100001	105000	301500
01	120001	125000	123000
01	135001	140000	138000
01	145001	150000	146000
01	190001	195000	193500
01	205001	210000	210000
01	235001	240000	235500
01	340001	345000	340500
01	435001	440000	440000
01	665001	670000	668500
02	745001	750000	1500000
01	1075001	1080000	1078000
01	1575001	1580000	1577500
01	21495001	21500000	21496000
1910			35,482,000



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 registered office, NetSol Technologies Limited, NetSol IT Village (Software Technology Park) NetSol Avenue, Main Ghazi Road, Lahore Cantt. on **October ----, 2006 at ---- a.m.** and at any adjournment thereof.

Signed at _____ this _____ Day of _____ 2006.

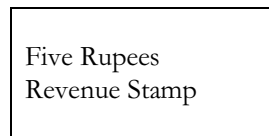
Witness:

Signature : _____

Name : _____

Address : _____

NIC 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) NetSol Avenue, Main Ghazi Road, 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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