

NETSOL TECHNOLOGIES INC  
Form 10QSB  
February 13, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the quarterly period ended December 31, 2007

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-22773

NETSOL TECHNOLOGIES, INC.  
(Exact name of small business issuer as specified in its charter)

NEVADA  
(State or other Jurisdiction of  
Incorporation or Organization)

95-4627685  
(I.R.S. Employer NO.)

23901 Calabasas Road, Suite 2072, Calabasas, CA 91302  
(Address of principal executive offices) (Zip Code)

(818) 222-9195 / (818) 222-9197  
(Issuer's telephone/facsimile numbers, including area code)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

The issuer had 25,228,818 shares of its \$.001 par value Common Stock and 1,920 shares of Series A 7% Cumulative Convertible Preferred Stock issued and outstanding as of February 8, 2007.

Transitional Small Business Disclosure Format (check one)

Yes  No



## NETSOL TECHNOLOGIES, INC.

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**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET — DECEMBER 31, 2007**  
**(UNAUDITED)**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 8,543,109	
Accounts receivable, net of allowance for doubtful accounts of \$168,512	7,787,339	
Revenues in excess of billings	10,265,235	
Other current assets	2,245,899	
<b>Total current assets</b>		<b>28,841,582</b>

**Property and equipment**, net of accumulated depreciation 8,371,547

**Other assets, long-term** 435,195

**Intangibles:**

Product licenses, renewals, enhancements, copyrights,  
trademarks, and tradenames, net 8,747,001

Customer lists, net 2,080,083

Goodwill 7,786,032

**Total intangibles** **18,613,116**

**Total assets** **\$ 56,261,440**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current liabilities:**

Accounts payable and accrued expenses \$ 3,415,167

Current portion of loans and obligations under capitalized leases 3,251,443

Other payables - acquisitions 83,399

Unearned revenues 2,645,174

Due to officers 184,278

Dividend to preferred stockholders payable 33,876

Loans payable, bank 1,861,338

**Total current liabilities** **11,474,675**

**Obligations under capitalized leases**, less current maturities **232,008**

**Long term loans**; less current maturities **582,402**

**Total liabilities** **12,289,085**

**Minority interest** **4,211,222**

**Commitments and contingencies**

**Stockholders' equity:**

Preferred stock, 5,000,000 shares authorized;  
1,920 issued and outstanding 1,920,000

Common stock, \$.001 par value; 45,000,000 shares authorized;  
25,133,650 issued and outstanding 25,134

Additional paid-in-capital 75,080,435

Treasury stock (10,194)

Accumulated deficit (35,746,044)

Stock subscription receivable (630,907)

Common stock to be issued 89,132

Other comprehensive loss (966,423)

**Total stockholders' equity** **39,761,133**

**Total liabilities and stockholders' equity** **\$ 56,261,440**

See accompanying notes to these unaudited consolidated financial statements.

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**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2007	2006	2007	2006
<b>Net Revenues:</b>				
Licence fees	\$ 2,866,807	\$ 2,718,795	\$ 4,770,359	\$ 4,297,207
Maintenance fees	1,490,376	1,359,239	3,073,796	2,654,203
Services	4,049,287	3,149,087	9,215,552	6,138,271
Total revenues	8,406,470	7,227,121	17,059,707	13,089,681
<b>Cost of revenues</b>				
Salaries and consultants	2,400,991	2,441,724	4,722,021	4,373,797
Travel	311,329	432,344	578,157	748,027
Repairs and maintenance				