NetSol Technologies Reports Third Quarter Fiscal Year 2007 Financial Results

Revenues Increased 51% Year/Year to $7.6 million; Operating Income Improved to $511,405; EBITDA Was $675,639, or $0.04 per Share

CALABASAS, CA -- (MARKET WIRE) -- 05/08/07 -- NetSol Technologies, Inc. ("NetSol") (NASDAQ: NTWK), a multinational provider of enterprise software and IT services to the financial services industry, today announced financial results for the third quarter of fiscal year 2007, ending March 31, 2007.

Third Quarter FY 2007 Consolidated Financial Highlights

-- Revenues increased 51% to $7.6 million
-- License fees increased 43% to $2.6 million
-- Maintenance fees improved 115%, rising to $1.3 million
-- Services increased 41% to $3.7 million
-- Operating income improved to $511,405
-- GAAP EPS was ($0.01)
-- EBITDA was $675,639, or $0.04 per basic and diluted share
-- Cash and cash equivalents improved to ~$3.4 million

NetSol Technologies, Inc. reported consolidated revenues of $7.6 million for the third quarter of fiscal year 2007, a 51% increase compared to the $5.0 million in revenues reported for the same period in fiscal year 2006. Consolidated gross profit for the third quarter was approximately $3.7 million, or 48%.

Net loss for the third quarter of fiscal year 2007 was $323 thousand, or a loss of $0.01 per basic and diluted earnings per share, which compares to net income of $21 thousand, or $0.00 per basic and diluted earnings per share, reported in the third quarter of fiscal year 2006. EBITDA for the third quarter was $676 thousand, or $0.04 per basic and diluted share.

NetSol ended the third quarter of fiscal year 2007 with approximately 3.4 million dollars in cash and cash equivalents.

" LeaseSoft, NetSol's flagship vehicle portfolio management system, is clearly gaining market share, as evidenced by license fees growing 43%, maintenance fees improving 115% and service revenues rising 41% in the third quarter," remarked Najeeb Ghauri, chairman and CEO. "Once again, the Asia-Pacific ('APAC') division led the charge with the signing of several significant new multi-million dollar contracts for LeaseSoft with global, blue chip brand names in the captive finance sector. In addition, the APAC division continued to expand its e-Government work in Pakistan, as evidenced by the award of a new public sector project. Furthermore, the integration of our new businesses continues to progress well, with the offshore team in Lahore dedicated to North American and EMEA projects growing from nine to 25 developers."

Mr. Ghauri concluded, "The recent stream of contract wins demonstrates that NetSol is generating interest and demand for its products and services in its core target vertical, captive finance. In addition, we are successfully penetrating new vertical markets, such as e-Government and Fleet Management. I am extremely pleased that we delivered a strong quarter of financial results, and I am looking forward to a very good finish to this fiscal year with strength continuing into fiscal 2008."

Third Quarter Business Highlights

Asia-Pacific (APAC) Division

-- Signed several new multi-million dollar contracts for LeaseSoft with global, blue chip brand names in the captive finance sector;
-- Awarded new public sector project, demonstrating further penetration
of the local Pakistan, e-Government market; and

-- Insurance outsourcing venture with The Innovation Group UK (TiG) is
growing steadily, having registered more than 30% growth during the third
quarter.

Europe/Middle East/Africa (EMEA) Division

-- Awarded contract from leading European bank to design a new business
partner portal for its insurance premium finance division;
-- Signed Memorandum of Understanding (MOU), valued in excess of $1
million, with major financial services operation in the Middle East to
jointly establish an application hosting facility to support retail
finance operations for vehicle distributors throughout the Gulf region;
and
-- Delivered LeaseSoft Decision Engine to the leasing operation of an
international bank to provide for automatic underwriting decisions in
their high volume small/middle ticket business;
-- Latest software delivery completes major phase of systems
development for the Bank, creating straight-through processing
from introducer to funder.

North America Division

-- Integration remains on track and is progressing well -- with continued
success in the leveraging of offshore resources, improved internal
resource utilization and effective marketing efforts;
-- Added three seasoned sales professionals to the team, each of whom
is building an active pipeline of business;
-- Successfully continued selling of IT services and software license
upgrades to US clients; and
-- Identified key prospects for cross-selling product and IT services
opportunities.

First Nine Months of FY 2007 Consolidated Financial Highlights

-- Revenues for the first nine months increased 47% to $20.7 million
-- License fees improved 73% to $6.9 million
-- Maintenance fees increased nearly 134% to $3.9 million
-- Service fees increased 18% to $6.4 million
-- GAAP EPS was ($0.35) due to one-time, non-cash charge of $5.0 million
relating to the financing for the acquisition of McCue Systems
-- EBITDA for the first nine months was approximately $1.6 million, or
$0.09 per basic and diluted share, excluding the one-time non-cash
charge
-- Pro Forma EPS of ($0.07), excluding the one-time non-cash charge

NetSol Technologies, Inc. reported consolidated revenues of $20.7 million for the first nine months of fiscal year
2007, a 47% increase compared to the $14.0 million in revenues reported for the same period in fiscal year 2006.
Consolidated gross profit for the first nine months was $10.3 million, or 50%.

Net loss for the first nine months of fiscal year 2007 was approximately $6.3 million, or a loss of $0.35 per basic and
diluted earning per share, which compares to net income of $350 thousand, or $0.02 per basic and diluted earnings
per share in the same period of fiscal year 2006. During the second quarter of this fiscal year, NetSol recorded a
one-time, non-cash charge of $5.0 million relating to the financing for the acquisition of McCue Systems in June
2006. Excluding this one-time charge, NetSol would have reported EBITDA of approximately $1.6 million, or $0.09
per basic and diluted share, and a net loss of approximately $1.2 million, or a loss of $0.07 per basic and diluted
share, for the first nine months of fiscal year 2007.

Conference Call Information

NetSol Technologies will host a conference call at 11:00 a.m. ET (8:00 a.m. PT) today to review these results. The
call will be web cast live and may be accessed via http://www.vcall.com/IC/CEPage.asp?ID=116681. Investors may
also dial +1 (877) 407-8033 (U.S.) or +1 (201) 689-8033 (international), noting conference ID # 241078.

An audio replay of the conference call will be available approximately one hour following the conclusion of the call
through 11:00 a.m. ET on May 15, 2007. To access the replay, dial +1 (877) 660-6853 (US) or +1 (201) 612-7415
(international), conference ID # 241078. An archived replay of the conference web cast also will be available on the

This quarter, NetSol also has prepared a PowerPoint presentation to accompany its conference call remarks. The
presentation may be found on the main page of the Investor Relations section of the NetSol web site: www.netsoltek.com/investors.

About NetSol Technologies

NetSol Technologies is a multinational provider of enterprise software and IT services to the financial services industry. NetSol helps clients to identify, evaluate and implement technology solutions to meet their strategic business challenges and maximize their bottom line. By utilizing its worldwide resources, NetSol delivers high-quality, cost-effective equipment and vehicle finance portfolio management solutions. The Company also delivers managed IT services ranging from consulting and application development to systems integration and development outsourcing. NetSol's commitment to quality is demonstrated by its achievement of both ISO 9001 and SEI (Software Engineering Institute) CMMi (Capability Maturity Model) Level 5 assessment, a distinction shared by only 94 companies worldwide. The Company's clients include global automakers, financial institutions, technology companies and governmental agencies. NetSol's largest customer, DaimlerChrysler Services, ranks the Company as a preferred vendor in 40+ countries. Headquartered in Calabasas, CA, NetSol Technologies also has operations and/or offices in London, San Francisco, Adelaide, Beijing, Lahore and Karachi, Pakistan. To learn more about NetSol Technologies, visit the Company's web site at www.netsoltek.com. Click here to join the NetSol Technologies, Inc. email distribution list: http://www.b2i.us/irpass.asp?BzID=897&to=ea&s=0.

Forward-Looking Statements

This press release may contain forward-looking statements relating to the development of the Company's products and services and future operation results, including statements regarding the Company that are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. The words "believe," "expect," "anticipate," "intend," variations of such words, and similar expressions, identify forward-looking statements, but their absence does not mean that the statement is not forward-looking. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Factors that could affect the Company's actual results include the progress and costs of the development of products and services and the timing of the market acceptance.

NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS - MARCH 31, 2007
(UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months</th>
<th>For the Nine Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ended March 31,</td>
<td>Ended March 31,</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licence fees</td>
<td>$ 2,554,289</td>
<td>$ 1,790,149</td>
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<tr>
<td>Maintenance fees</td>
<td>1,335,893</td>
<td>623,305</td>
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<tr>
<td>Services</td>
<td>3,725,784</td>
<td>2,634,373</td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>7,615,966</td>
<td>5,045,827</td>
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<tr>
<td>Cost of revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and consultants</td>
<td>2,234,809</td>
<td>1,610,798</td>
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<td>Travel</td>
<td>447,288</td>
<td>188,833</td>
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<td>Communication</td>
<td>32,836</td>
<td>30,860</td>
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<tr>
<td>Depreciation and</td>
<td>241,021</td>
<td>216,361</td>
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<tr>
<td>amortization</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
<td>966,314</td>
<td>271,677</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cost of sales</td>
<td>3,922,268</td>
<td>2,318,529</td>
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<tr>
<td>Gross profit</td>
<td>3,693,698</td>
<td>2,727,298</td>
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<tr>
<td>Operating expenses:</td>
<td></td>
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<td>Selling and marketing</td>
<td>613,760</td>
<td>444,472</td>
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<tr>
<td>Depreciation and</td>
<td>522,185</td>
<td>594,385</td>
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<tr>
<td>amortization</td>
<td>(231)</td>
<td>19,561</td>
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<tr>
<td>Bad debt expense</td>
<td></td>
<td></td>
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<tr>
<td>Salaries and</td>
<td>1,090,307</td>
<td>597,636</td>
</tr>
<tr>
<td>wages</td>
<td></td>
<td></td>
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<tr>
<td>Professional services,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>including non-cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>compensation</td>
<td>254,359</td>
<td>126,806</td>
</tr>
<tr>
<td>General and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>2007</td>
<td>2006</td>
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<tr>
<td>----------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>701,913</td>
<td>675,339</td>
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<tr>
<td>Total operating expenses</td>
<td>3,182,293</td>
<td>2,458,199</td>
</tr>
<tr>
<td>Income from operations</td>
<td>511,405</td>
<td>269,099</td>
</tr>
<tr>
<td>Other income and (expenses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on sale of assets</td>
<td>(6,729)</td>
<td>(38,624)</td>
</tr>
<tr>
<td>Beneficial conversion feature</td>
<td>-</td>
<td>(2,628)</td>
</tr>
<tr>
<td>Amortization of debt discount and capitalized cost of debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liquidation damages</td>
<td>(47,057)</td>
<td>-</td>
</tr>
<tr>
<td>Fair market value of warrants issued</td>
<td>(33,987)</td>
<td>(12,016)</td>
</tr>
<tr>
<td>Gain on forgiveness of debt</td>
<td>-</td>
<td>1,318</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(83,819)</td>
<td>(75,015)</td>
</tr>
<tr>
<td>Interest income</td>
<td>46,867</td>
<td>93,376</td>
</tr>
<tr>
<td>Other income and (expenses)</td>
<td>10,081</td>
<td>(2,484)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(57,655)</td>
<td>(24,080)</td>
</tr>
<tr>
<td>Total other expenses</td>
<td>(172,299)</td>
<td>(60,153)</td>
</tr>
<tr>
<td>Net income (loss) before minority interest in subsidiary</td>
<td>339,106</td>
<td>208,946</td>
</tr>
<tr>
<td>Minority interest in subsidiary</td>
<td>(568,237)</td>
<td>(187,127)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(229,131)</td>
<td>21,819</td>
</tr>
<tr>
<td>Dividend required for preferred stockholders</td>
<td>(94,088)</td>
<td>-</td>
</tr>
<tr>
<td>Net income (loss) applicable to common shareholders</td>
<td>(323,219)</td>
<td>21,819</td>
</tr>
<tr>
<td>Other comprehensive gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation adjustment</td>
<td>81,564</td>
<td>(115,740)</td>
</tr>
<tr>
<td>Comprehensive income (loss)</td>
<td>$ (241,655)</td>
<td>$ (93,921)</td>
</tr>
<tr>
<td>Net income (loss) per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (0.01)</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (0.01)</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>18,388,626</td>
<td>14,852,941</td>
</tr>
<tr>
<td>Diluted</td>
<td>18,388,626</td>
<td>15,276,168</td>
</tr>
</tbody>
</table>
## ASSETS

Current assets:
- Cash and cash equivalents: $3,382,970
- Accounts receivable, net of allowance for doubtful accounts of $106,090: 8,054,782
- Revenues in excess of billings: 7,368,794
- Other current assets: 2,588,747

Total current assets: 21,395,293

Property and equipment, net of accumulated depreciation: 6,811,887

Intangibles:
- Product licenses, renewals, enhancements, copyrights, trademarks, and tradenames, net: 6,692,302
- Customer lists, net: 2,601,066
- Goodwill: 6,092,906

Total intangibles: 15,386,274

Total assets: $43,593,454

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:
- Accounts payable and accrued expenses: $4,219,078
- Current portion of notes and obligations under capitalized leases: 865,554
- Other payables - acquisitions: 58,451
- Billings in excess of revenues: 3,471,434
- Due to officers: 232,165
- Dividend to preferred stockholders payable: 94,088
- Loans payable, bank: 1,562,189

Total current liabilities: 10,502,959

Obligations under capitalized leases, less current maturities: 224,799

Total liabilities: 10,727,758

Minority interest: 2,991,127

Commitments and contingencies: -

Stockholders' equity:
- Preferred stock, 5,000,000 shares authorized; 5,025 issued and outstanding: 5,025,000
- Common stock, $.001 par value; 45,000,000 shares authorized; 18,809,914 issued and outstanding: 18,810
- Additional paid-in-capital: 63,602,452
- Treasury stock: (10,194)
- Accumulated deficit: (38,009,435)
- Stock subscription receivable: (736,657)
- Common stock to be issued: 200,910
- Other comprehensive loss: (216,317)

Total stockholders' equity: 29,874,569

Total liabilities and stockholders' equity: $43,593,454

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**NETSOL TECHNOLOGIES, INC. AND SUBSIDIARIES**

**RECONCILIATION TO GAAP**

**(UNAUDITED)**

Nine Months Ended March 31, 2007

<table>
<thead>
<tr>
<th>Net loss per GAAP</th>
<th>$ (6,177,708)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-time, non-cash expenses:</td>
<td></td>
</tr>
<tr>
<td>Beneficial conversion feature</td>
<td>2,208,334</td>
</tr>
<tr>
<td>Amortization of debt discount and</td>
<td></td>
</tr>
</tbody>
</table>
capitalized cost of debt          2,803,691
------------
5,012,025
------------
Pro-forma loss                      $ (1,165,683)
------------

Weighted average number of shares outstanding
Basic and diluted                  17,685,660
------------
Pro-forma EPS                       $      (0.07)
------------

EBITDA - GAAP                      (3,424,338)
One-time, non-cash expenses:
  Beneficial conversion feature      2,208,334
  Amortization of debt discount and capitalized cost of debt 2,803,691
------------
5,012,025
------------
Pro-forma EBITDA                    $  1,587,687
------------

Weighted average number of shares outstanding
Basic and diluted                  17,685,660
------------
Pro-forma EBITDA EPS                $       0.09
------------

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