UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 2000

( ) For the transition period from __________ to __________

Commission file number: 333-28861

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

NEVADA	95-4627685
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

24025 Park Sorrento, Suite 220, 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 X No ____

The issuer had 11,316,505 shares of its $.001 par value Common Stock issued and outstanding as of February 12, 2001.

Transitional Small Business Disclosure Format (check one)

Yes ____ No X

NETSOL INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000

ASSETS

<TABLE>

<S>	<C>
Current Assets:	
Cash	$ 1,258,744
Accounts receivable, less allowance for doubtful accounts of $420,000	3,421,205
Other current assets	360,127
Total Current Assets	5,040.076
Property and Equipment, net of accumulated Depreciation and amortization	3,250,958
Other Assets	2,448,255
Intangibles:	
Product license, renewals, enhancements and copyrights, net	4,494,223
Customer lists, net	2,411,952
Goodwill, net	6,661,288
Total Intangible Assets	13,567,463
	$ 24,306,752

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts payable and accrued expenses	$ 2,257,817
Loan payable, stockholder	437,419
Current maturities of obligations under capital lease	89,335
Total Current Liabilities	2,784,571
Deferred Tax Liability	2,750,000
Obligations under capitalized leases, less current maturities	467,964
Stockholders' Equity:	
Common stock; $.001 par value, 25,000,000 shares authorized, 11,051,385 shares issued and outstanding	11,051
Common stock receivable	(68,650)
Additional paid-in capital	27,350,185
Other comprehensive loss	(767,032)
Accumulated deficiency	(8,221,337)
Total Stockholders' Equity	$ 18,304,217
	$ 24,306,752

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NETSOL INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three Months Ended December 31, 2000 & 1999 and
For the Six Months Ended December 31, 2000 & 1999

<TABLE>
<CAPTION>

	Three Months Ended December 31		Six Months Ended December 31	
	2000	1999*	2000	1999*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>
Net revenues	$ 2,140,449	$ 2,106,660	$ 4,258,355	$ 3,501,204
Cost of revenues	1,102,601	949,505	2,163,069	1,506,044
Gross profit	$ 1,037,848	$ 1,157,155	2,095,286	$ 1,995,160
Operating expenses:				
Depreciation and amortization	$ 304,575	$ 254,439	$ 638,364	$ 558,878
Professional Services	395,268	165,171	606,581	585,435
Provision for bad debts	395,402	10,500	425,402	12,750
General and administrative	1,318,757	1,546,710	2,552,353	2,494,971
Total Operating Expenses	$ 2,414,002	$ 1,976,820	$ 4,222,700	$ 3,652,034
Other income/(expense)	$ 81,853	$ 288,029	125,020	288,029
Net loss	$ (1,294,301)	$ (531,636)	$ (2,002,394)	$ (1,368,845)
Net loss per share:				
Basic and diluted	($0.12)	($0.06)	($0.18)	($0.15)
Weighted average shares outstanding:				
Basic and diluted	11,026,111	9,133,482	10,998,607	8,983,482

</TABLE>

* Restated for business combinations accounted for under Pooling of Interest method.

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NETSOL INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
For the Three Months Ended December 31, 2000 & 1999 and
For the Six Months Ended December 31, 2000 & 1999

<TABLE>
<CAPTION>

	THREE MONTHS ENDED DECEMBER 31		SIX MONTHS ENDED DECEMBER 31	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income (Loss)	$ (1,294,301)	$ (531,636)	$ (2,002,394)	$ (1,368,845)
ADJUSTMENTS TO RECONCILE INCOME TO NET CASH PROVIDED BY OPERATIONS				
Depreciation and amortization	349,850	438,936	683,639	649,436
Non-cash compensation expense	64,800	365,625	64,800	440,625
Bad debts	395,402	-0-	425,402	-0-
Foreign currency translation	(380,914)	-0-	(789,879)	-0-
(Increase) decrease in accounts receivable	(40,205)	(1,393,969)	(1,078,571)	(2,067,226)
(Increase) decrease in other current assets	(78,697)	(961,014)	629,105	(1,225,337)
(Increase) decrease in other assets	(762,908)	(165,632)	(1,615,252)	(308,989)
(Increase) decrease in A/P	317,715	1,766,635	184,841	2,771,281
Net cash (used) provided by operating activities	$ (1,429,258)	(481,055)	(3,498,309)	(1,109,055)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(127,395)	(126,187)	(654,015)	(283,720)
Proceeds from certificates of deposits	-0-	-0-	1,000,000	-0-
Net cash (used) provided in investing activities	$ (127,395)	(126,187)	345,985	(283,720)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of common stock and warrants, net	84,600	900,782	1,091,600	1,890,786
Principal payment on loan payable	-0-	-0-	(75,000)	-0-
Exercise of stock options, net	4,000	(100,000)	33,000	-0-
Proceeds from loans payable, stockholders	(67,093)	-0-	437,419	(44,750)
Proceeds from note payable	(250,000)	102,327	-0-	102,327
Contribution of capital	-0-	260,349	-0-	260,349
Principal payments on capital lease obligations	(31,447)	(10,415)	(56,997)	(15,200)
Stock subscription receivable	-0-	(25,000)	-0-	(25,000)
Net cash (used) provided by financing activities	$ (259,940)	1,128,043	1,430,022	2,168,512
Net increase (decrease) in cash	(1,816,593)	520,801	(1,722,302)	775,737
Cash and equivalents, beginning of period, restated	3,075,337	340,521	2,981,046	85,585
Cash and equivalents, end of period	$ 1,258,744	$ 861,322	$ 1,258,744	$ 861,322

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENT

NETSOL INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)
Increase (Decrease) in Cash and Cash Equivalents
For the Three Months Ended December 31, 2000 & 1999 and
For the Six Months Ended December 31, 2000 & 1999

<TABLE>
<CAPTION>

	THREE MONTHS ENDED DECEMBER 31	SIX MONTHS ENDED DECEMBER 31

	2000	1999*	2000	1999*
<S>	<C>	<C>	<C>	<C>
Supplemental Cash Flow Information:				
Cash paid during the period for interest:	*$ 36,945*	*$ 21,531*	*$ 68,588*	*$ 26,031*
Cash paid during the period for income taxes:	*$ -0-*	*$ -0-*	*$ -0-*	*$ -0-*
Supplemental disclosure of non-cash investing and financing activities:				
Issuance of 405,000 shares of common stock per stock purchase agreements	*--*	*--*	*--*	*$ 1,453,698*
Issuance of common stock shares for services rendered	*$ 64,800*	*$ 365,625*	*$ 64,800*	*$ 440,625*
Conversion of note payable to stock	*$ 100,000*	*--*	*$ 100,000*	*--*

</TABLE>

** Restated for business combinations accounted for under the Pooling of Interest method.*

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NETSOL INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2000 AND 1999 (UNAUDITED)

PRINCIPLES OF CONSOLIDATION: The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Network Solutions PVT, Ltd., NetSol UK, Ltd., Network Solutions Group Ltd. and subsidiaries, NetSol Abraxas Australia Pty Ltd., NetSol Connect PVT, Ltd., NetSol eR, Inc., Supernet AG and NetSol USA. All material intercompany accounts have been eliminated in consolidation.

BUSINESS ACTIVITY: The Company designs, develops, markets, and exports proprietary software products to customers in the automobile finance and leasing industry worldwide. The Company also provides consulting services in exchange for fees from customers.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BASIS OF PRESENTATION: The consolidated condensed interim financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-KSB for the year ended June 30, 2000. The Company follows the same accounting policies in preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

FOREIGN CURRENCY: The accounts of Network Solutions Group Ltd. and Subsidiaries and NetSol UK, Limited use the British Pounds, Network Solutions PK, Ltd. and NetSol Connect PVT, Ltd. use Pakistan Rupees, Netsol Abraxas Australia Pty, Ltd. uses the Australian dollar, Supernet AG uses the German Mark, Netsol International, Inc. and subsidiaries NetSol USA, Inc. and NetSol eR, Inc. use the U.S. dollars as the functional currencies. Assets and liabilities are translated at the exchange rate on the balance sheet date, and operating results are translated at the average exchange rate throughout the period. Translation losses of $767,032 at December 31, 2000 are classified as an item of other comprehensive income in the stockholders' equity section of the consolidated balance sheet.

PRIVATE PLACEMENT: The Company sold 63,666 shares of its restricted Rule 144 common stock in the amount of $955,000 through a private placement offering during the quarter ended September 30, 2000 pursuant to Rule 506 of Regulation D of the Securities and Exchange Act of 1933.

LOAN PAYABLE, STOCKHOLDER: A principal stockholder of the Company advanced funds for working capital during the quarter ended September 30, 2000. The loan is due on September 30, 2001. The loan bears no interest as the Stockholder has waived any interest payments.

INTANGIBLES ASSETS: Accumulated depreciation at December 31, 2000 was $625,778 for products licenses, renewals, enhancements, copyrights, trademarks and tradenames, $297,625 for customer lists and $974,002 for goodwill.

BUSINESS COMBINATIONS ACCOUNTED FOR UNDER THE POOLING OF INTEREST METHOD:

ABRAXAS AUSTRALIA PTY, LIMITED

On January 3, 2000, the Company issued 150,000 Rule 144 restricted common shares in exchange for 100% of the outstanding capital stock of Abraxas Australia Pty, Limited, an Australian Company. This business combination was accounted for using the pooling of interest method of accounting under APB Opinion No. 16, and accordingly, the accompanying financial statements have been restated to show the results of operations as if the combination had occurred at the beginning of all periods presented.

SUPERNET AKTIENGESELLSCHAFT

On May 2, 2000, the Company issued 425,600 Rule 144 restricted common shares in exchange for 100% of the outstanding capital stock of SuperNet AG, a German Company. This business combination was accounted for using the pooling of interest method of accounting under APB Opinion No. 16, and accordingly, the accompanying financial statements have been restated to show the results of operations as if the combination had occurred at the beginning of all periods presented.

OTHER EVENTS: Effective October 1, 2000, the Company entered into a rental lease agreement to occupy office space. Pursuant to this agreement, the Company will pay rent of approximately $12,500 per month through July 31, 2007. The Company was required to secure an Irrevocable Stand-By Letter of Credit for the benefit of the Landlord in the amount of $250,000, which is included in other assets on the accompanying balance sheet. In the event the Company fails to renew the Letter of Credit as set forth in the Letter of Credit Agreement, the Landlord shall be entitled to draw on the Letter of Credit in full. The renewal of each annual Letter of Credit will be reduced by $35,714 per annum.

During September 2000, the Company opened a certificate of deposit with Merrill Lynch Bank USA in the amount of $500,000, as security for an Irrevocable Standby Letter of Credit for the benefit of one of its customers. This letter of credit expires by December 31, 2003 and is included in other assets on the accompanying balance sheet.

On or about January 8, 2001, NetSol International, Inc. (the "Company")entered into an agreement for equity financing with Knight Trading Group Inc.'s subsidiary, Deephaven Capital Management ("Deephaven"). The initial investment by Deephaven is

for two million dollars paid in two traunchs. The first traunch consists of Deephaven purchasing 180,043 shares of common stock of the Company for one million dollars at a price of $5.55 per share and 54,013 warrants with an exercise price of $6.94 for a period of five years. The second traunch in the amount of one million is to be paid to the Company by February 8, 2001. The price per share investment shall be determined at a later time. Jesup and Lamont Securities, an investment-banking firm based in New York, led the financing. The Company will use the money received to accelerate growth through strengthening and expanding its technology infrastructure and business development.

REVENUE RECOGNITION: Revenue is recognized when earned. The Company's revenue recognition policies are in compliance with all applicable accounting regulations, including American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 97 2, Software Revenue Recognition, as amended by SOP 98-4 and 98-9. Any revenues from software arrangements with multiple elements are allocated to each element of the arrangement based on the relative fair values using specific objective evidence as defined in the SOPs. If no such objective evidence exists, revenues from the arrangements are not recognized until the entire arrangement is completed and accepted by the customer. Once the amount of the revenue for each element is determined, the Company recognizes revenue as each element is completed and accepted by the customer. For arrangements that require significant production, modification or customization of software, the entire arrangement is accounted for by the percentage of completion method, in conformity with Accounting Research Bulletin ("ARB") No. 45 and SOP 81 1.

RECLASSIFICATIONS: Certain accounts balances from prior quarters have been reclassified to conform with present quarter and year to date presentation.

PART I - FINANCIAL INFORMATION

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

GENERAL

NetSol International, Inc. ("NetSol" or the "Company") is in the business of information technology ("I/T") services. The Company has helped clients use I/T more efficiently in order to improve their operations and profitability and to achieve business results. Network Solutions Pvt. Ltd.("NetSol PK") develops the majority of the software for the Company. NetSol PK was the first company in Pakistan to achieve the ISO 9001 accreditation. The Company is in the process of attaining SEI CMM Level 3 accreditation. This is one of the highest level of recognition for quality and best practices a software house can achieve.

The Company offers a broad array of professional services to clients in the global commercial markets and specializes in the application of advanced and complex I/T to achieve its customers' strategic objectives. Its service offerings include outsourcing, systems integration, and I/T and management consulting and other professional services.

Outsourcing involves operating all or a portion of a customer's technology infrastructure, including systems analysis, applications development, network operations, desktop computing and data center management.

Systems integration encompasses designing, developing, implementing and integrating complete information systems.

I/T and management consulting services include advising clients on the strategic acquisition and utilization of I/T and on business strategy, operations, change management and business process reengineering.

The Company also develops sophisticated software systems for the lease and finance industry. NetSol has developed a fully integrated leasing and finance package which is a series of five products that can be marketed in an integrated system. These products are ePOS, PMS, SMS, CMS, and WFS. These five applications form the full suite of asset based lending Enterprise Resource Planning applications. These applications can run almost the entire operations of a captive leasing company.

NetSol ePOS is a browser-based Point of Sale system that is used by the dealership and other outlets. ePOS users create quotations and financing applications for the customers using predefined Financial Products. The proposal is submitted to Back Office (PMS) for approval. After analysis, the proposal is sent back to ePOS system with a final decision.

Proposal Management System (PMS) provides Finance/Leasing Companies with the ability to quickly assess the worthiness of an applicant applying for a loan or a lease. The System is equipped with strong workflow management, integrated link to Credit Rating Agencies, automated point scoring strategy for automatic approval / rejection / referral, can be customized to link to any Point of Sale System, ability to integrate any vehicle data provider such as Glass's Guide in Europe and Australia.

The NetSol Wholesale Finance System (WFS) is developed to automate and manage the Whole Sale Finance (Floor Plan) activities of a Finance Company. The design of the system is based on the concept of One Loan One Asset to facilitate Asset Tracking and Costing of an asset. The system covers from Credit Limit Request, Payment of Loan, Billing, and Settlement, Auditing of Stocks, Dealer Information and ultimately the pay-off functions.

Settlement Management System (SMS) verifies the signed document sent by the dealer / broker / third party against the information stored in the Proposal Management System database. Settlement Management System verifies all calculations before loading the contract into the Contract Management System. Other main features are collection of first rental, disbursement of funds to dealers, Insurance Company and other third parties. Workflow software is part of Settlement Management System and it enables the users of Settlement Management System to communicate with Proposal Management workflow or within its own workgroup.

The Contract Management System (CMS) manages lease contracts for financing of vehicles from inception till completion. The leasing company is able to establish, maintain and terminate such financial contracts. Contracts may include added value services such as vehicle maintenance and/or insurance premiums. It furthermore incorporates functional extensions such as litigation, remarketing of vehicles, securitization of a portfolio and post dated check management.

These are traditionally complex business applications and require a great deal of industry experience both in the development as well as implementation stages. NetSol, over the years, has developed core competencies in the asset based lending software space. These are extremely sought after skills shared in a team of approximately 30 business consultants. NetSol is able to demand a premium for these consultants and leverages this competency when bidding for new business.

Typically, the sales cycle for these products is anywhere between six to twelve months and NetSol derives its income both from selling the license to use the products as well as through customization of the products. License fees can vary between $75,000 to up to $1,000,000 per license depending upon the size of the customer and the complexity of the customization.

MARKETING AND SELLING

The objective of the Company's marketing program is to create and sustain preference and loyalty for NetSol as a leading e-services consulting and software solutions provider. Marketing is performed at the corporate and business unit levels. The corporate marketing department has overall responsibility for communications, advertising, public relations and our website and also engineer and oversees central marketing and communications programs for use by each of our business units.

Our dedicated marketing personnel within the business units undertake a variety of marketing activities, including sponsoring focused client events to demonstrate our skills and products, sponsoring and participating in targeted conferences and holding private briefings with individual companies. We believe that the industry focus of our sales professionals and our business unit marketing personnel enhances their knowledge and expertise in these industries and will generate additional client engagements.

The Company generally enters into written commitment letters with clients at or around the time it commences work on a project. These commitment letters typically contemplate that NetSol and the client will subsequently enter into a more detailed agreement, although the client's obligations under the commitment letter are not conditioned upon the execution of the later agreement. These written commitments and subsequent agreements contain varying terms and conditions and the Company does not generally believe it is appropriate to characterize them as consisting of backlog. In addition, because these written commitments and agreements often provide that the arrangement can be terminated with limited advance notice or penalty, the Company does not believe the projects in process at any one time are a reliable indicator or measure of expected future revenues.

NetSol provides its services primarily to clients in global commercial industries. In the global commercial area, the Company's service offerings are marketed to clients in a wide array of industries including schools; automotive; chemical; tiles/ceramics; Internet marketing; software; banks and financial services.

Geographically, NetSol continues to have operations throughout North America, Europe and Asia Pacific region.

CHANGES IN FINANCIAL CONDITION

Net sales of $2,140,449 for the second quarter of fiscal 2001, which ended December 31, 2000, were both comparable to the sales of the same quarter for the previous year of $2,106,660 (restated due to pooling of interest accounting)and for sales in the preceeding quarter of $2,117,906. Due to the maturity of the lease and finance products, The Company is further positioning itself to market these licenses to the North American and other global markets through NetSol Professional Services. The Company anticipates that solid growth will occur in the remainder of fiscal 2001 due to product maturity and market demand with several existing customers, among them IDS Group, Inc., Daimler-Chrysler and other leasing and finance companies.

The gross profit has remained strong and was $1,037,848 in the quarter ending December 31, 2000 in comparison with $1,157,155 (restated) for the same quarter the previous year. Cost of revenues for the quarter ending December 31, 2000 was $1,102,601, in comparison with $949,505 (restated)for the same quarter in the previous year. The Company is continuing to negotiate better pricing on its new agreements which provides for higher margins. The decrease in the margins is attributable to an increase of direct labor costs amongst certain subsidiaries.

Operating expenses were $2,414,002 for the quarter ending December 31, 2000. This compares with $1,976,820(restated) for the quarter ending December 31, 1999. The increase in the current fiscal year is attributable to the amortization of goodwill and other intangible assets,for an increase in professional fees surrounding regulatory compliance matters and for a bad debt provision. The Company's customer base has been negatively impacted from the overall economic downturn which has resulted in making certain provisions for potential uncollectable accounts. Operating results for the December 31, 1999 quarter were impacted as the Company applied pooling of interest accounting rules to two of its four acquisitions - Abraxas in Australia and SuperNet AG of Germany. Its consolidated statement of operations includes the operations of both Abraxas and SuperNet AG for quarters ended December 31, 2000 and December 31, 1999 (restated).

Net loss was $1,294,301 for the quarter ended December 31, 2000 as compared to $531,636 (restated) for the quarter ended December 31, 1999. This resulted in a net loss per share, basic and diluted, of $0.12 for the quarter ended December 31, 2000 as compared with $0.06 (restated) for the quarter ended December 31, 1999. That is an increase of $0.06 loss per share on a quarter to quarter *comparative basis.*

The Company's cash position was $2,008,744 at December 31, 2000. This is presented on the financial statements as $1,258,744 cash and cash equivalents, and a total $750,000 as certificates of deposit which is included in other assets.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000, the Company's working capital (current assets less current liabilities) totaled $2.26 million, a decrease of $2.47 million since June 30, 2000. The Company utilizes working capital to fund both existing operations, for anticipated capital expenditures and further development of new business. At December 31, 2000, the Company has not elected to set up a revolving credit facility, but is evaluating various financing activities which will enable the Company to execute it business plan and meet its capital demands in the coming year. The Company's principle capital requirements have been to fund acquisitions, working capital, and capital expenditures. In the opinion of management, the Company believes that the nature of their software sales contracts will have a material impact upon its liquidity. Management does believe that its anticipated cash flows from financing and investing activities, existing cash balances and any successful newly sought after borrowings and private raises, will be sufficient for the foreseeable future to manage the liquidity impact from the contracts, finance anticipated working capital requirements and fund capital expenditures.

ADDITIONAL RAISE OF CAPITAL

The Company filed a Form S-3/A with the Securities and Exchange Commission on February 2, 2001 to raise $30 million of its securities. These securities may be offered and sold from time to time on behalf of NetSol in the form of common stock and warrants to purchase common stock.

GENERAL DESCRIPTION OF SECURITIES

We may offer under our shares of common stock and warrants to purchase common stock or any combination of the foregoing, either individually or as units consisting of one or more securities as identified in the Form S-3/A. The aggregate offering price of securities offered by us will not exceed $30,000,000. Each time we offer these securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering.

DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of common stock. Warrants may be issued independently or together with common stock and may be attached to or separate from any offered securities. Each series of warrants will be issued under a separate warrant agreement. It is anticipated that any warrants issued pursuant to this prospectus will not be freely transferable pursuant to an agreement between us and the holder. This summary of some provisions of the warrants is not complete. You should refer to the warrant agreement relating to the specific warrants being offered for the complete terms of the warrants. The warrant agreements will be filed with the SEC in connection with the offering of the specific warrants.

The particular terms of any issue of warrants will be described in the prospectus supplement relating to the issue. Those terms may include:

(1) the number of shares of common stock purchasable upon the exercise of warrants to purchase shares of common stock and the price at which such number of shares of common stock may be purchased upon such exercise;

(2) the date on which the right to exercise the warrants will commence and the date on which the right will expire;

(3) United States Federal income tax consequences applicable to the warrants; and

(4) any other terms of the warrants.

Warrants for the purchase of common stock will be offered and exercisable for U.S. dollars only. Warrants will be issued in registered form only. Each warrant will entitle its holder to purchase the number of shares of common stock at the exercise price set forth in, or calculable as set forth in, the applicable prospectus supplement. The exercise price may be adjusted upon the occurrence of certain events as set forth in the prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void. We will specify the place or places where, and the manner in which, warrants may be exercised in the applicable prospectus supplement.

Prior to the exercise of any warrants to purchase common stock, holders of the warrants will not have any of the rights of holders of the common stock purchasable upon exercise, including the right to vote or to receive any payments of dividends on the common stock purchasable upon exercise.

PLAN OF DISTRIBUTION

The common stock or warrants offered under the S-3 Registration Statement will be sold in any one or more of the following ways from time to time:

- *-Through the Company's agents,*
- *-to or through underwriters,*
- *-through dealers; and*
- *-directly by the Company to purchasers.*

Any variance from those placement terms will be disclosed in a prospectus supplement and filed with the SEC.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is currently party to one dispute filed by a former Officer, which involves litigation. The plaintiff filed a Complaint for Declaratory Relief on May 9, 2000 in the Los Angeles Superior Court (Case No. BC229642). The Plaintiff contends that, on or about May 29, 1998, he was granted 120,000 options at a $0.01 per share exercise price. The Company has responded that options were originally granted by the Board to all board members but later all of the directors agreed to forego such grant, and none of the directors received such options as the Plaintiff claims were granted to him. The parties are in the discovery stage of the proceeding. The Company denies the allegations and is currently defending the action and believes it will win on its merits.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The Company did not receive any additional proceeds from its Public Offering since its Annual Report. The Company has received $84,600 from 14,100 warrants exercised from the IPO in this quarter.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS:

None.

(b) REPORT ON FORM 8-K dated January 23, 2001.

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NETSOL INTERNATIONAL, INC.
(Registrant)

Date: February 14, 2001

/s/ Najeeb U. Ghauri
NAJEEB U. GHAURI
CEO

/s/ Syed Husain
SYED HUSAIN
Chief Financial Officer

/s/ Rick Poole
Rick Poole
Corporate Controller