

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
(the "EXCHANGE ACT")

Date of Report (date of earliest event reported): July 16, 2001

NETSOL INTERNATIONAL, INC.

(the "COMPANY")

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State or Other Jurisdiction of Incorporation)

333-28861
(Commission File Number)

95-4627685
(IRS Employer Identification No.)

(Address of Principal Executive Offices, Including Zip Code)

24025 PARK SORRENTO, SUITE 220, CALABASAS, CA 91302

(818) 222-9195

(Registrant's Telephone Number, Including Area Code)

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 3. BANKRUPTCY OR RECEIVERSHIP

As previously reported on Form 8-K dated June 20, 2001, the District Court, Clark County, Nevada (the "District Court") appointed George C. Swarts as Receiver for the Company resulting from a pending motion for a preliminary injunction in the case of NetSol International, Inc. vs. Jonathan D. Iseon, et al. civil action (Case No. A435871) (the "Case"). On July 16, 2001, the District Court approved a settlement agreement between all parties to the Case (also referred to as the "NetSol Shareholder Group" and the "Ghuri Brothers") and the Receiver (the "Settlement Agreement").

The Settlement Agreement provides for:

- (i) The appointment of Peter Sollenne, Chief Executive Officer, and Naeem Ghauri, President of the Company, to manage the Company subject to the continuing control and supervision of the Receiver;
- (ii) Execution of mutual releases and dismissal of all pending litigation with prejudice, by all parties to the Case;
- (iii) Settlement of certain employment compensation matters and expense reimbursement to former officers of the Company;
- (iv) One million dollars (\$1,000,000) in interim financing to the Company, to be funded equally by each party to the Case, which may in the form of sales of restricted Company stock;
- (v) A share recall of all outstanding stock in the Company, and an issuance of new shares with new CUSIP numbers to current stockholders of the Company (the "Share Recall"); and
- (vi) As soon as reasonably practical following the completion of the

Share Recall, the Receiver to call a special stockholder's meeting (the "Company Meeting") to determine, among other things, the continued management of the Company. Pending the conclusion of the Company Meeting, the Receiver shall remain in place.

The Settlement Agreement also contemplates an asset sale by the Company to the Ghauri Brothers, the terms of which would be contained in a separate letter of intent to be agreed upon between the parties to the Case, and subject to a fairness opinion, shareholder and court approval, along with compliance with any and all other requirements of applicable state and federal law.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits. The following documents are filed as exhibits to this report:

- 99.1 Settlement Agreement dated July 10th 2001, regarding Case No. A4345871, currently pending in the District Court, Clark County, Nevada.

SIGNATURES:

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NETSOL INTERNATIONAL, INC.

By: /s/ GEORGE C. SWARTS

(Print name and title of signing officer)
George C. Swarts, Receiver

Dated: July 17, 2001

AGREEMENT

This agreement entered into this 10th day of July, 2001, by and between the undersigned parties as representatives for the "Ghuri brothers" on the one hand and the "NetSol shareholder group" on the other hand, as and for the interim management of NetSol International, Inc. (hereinafter referred to as "NetSol").

Whereas, as a result of a contest for control of the management and operations of NetSol, the Honorable James C. Mahan, Judge in the Eighth Judicial District Court of the State of Nevada, has issued an order appointing George C. Swarts (hereinafter referred to as "receiver") as receiver for NetSol, all of its subsidiaries and affiliates.

Whereas, the parties have agreed that it is in NetSol's best interest to enter into an interim management agreement in an effort to create stability for NetSol, its subsidiaries, affiliates, shareholders, creditors and customers.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOW:

1. That commencing on July 11, 2001, subject to the continuing control and supervision of the receiver, the following individuals shall serve as officers:
 - A. Peter Solenne -- Chief Executive Officer
 - B. Naeem Ghauri -- President
2. That the following individuals shall receive all earned, yet unpaid employment compensation:
 - A. Naeem Ghauri;
 - B. Najeeb Ghauri;
 - C. Salim Ghauri;
 - D. Nasim Ashraf; and
 - E. Ifran Mustafa
3. That in addition to the foregoing, should any of the above referenced individuals have any unreimbursed expenses, NetSol shall reimburse the same. Similarly, NetSol shall reimburse the expenses of Cary Burch and Peter Solenne incurred on behalf of NetSol.
4. NetSol shall pay Najeeb Ghauri an amount equal to three (3) months salary as and for a severance payment.
5. Within ten (10) working days, the Ghauri brothers shall provide the receiver with \$500,000 cash for the continuing operation of NetSol. Similarly, within ten (10) working days, the NetSol shareholder group shall provide the receiver with \$500,000 cash for the continuing operation of NetSol. In the event that either party fails to perform within the allotted time period, the non-performing party shall pledge stock in NetSol in an amount equal to 150% of the amount outstanding.
 - A. In order to raise the aforementioned amount each party shall be entitled to receive restricted stock for an amount equal to 70% of the average price of NetSol stock for the immediately preceding ten days.
 - B. The Ghauri Brothers are also allowed to exercise their vested options to raise their requisite \$500,000.

6. That NetSol shall commence a recall of all outstanding stock certificates and shall issue new stock certificates with the new CUSIP number. That

as soon as reasonable possible thereafter, the receiver shall call a special shareholders meeting to determine, INTER ALIA, the continued management of NetSol.

A. The parties specifically agree that the transfer agent shall be directed to reissue all stock certificates as a result of the recall simultaneously so that no individual's stock certificates shall be unreasonably withheld.

B. The receiver shall remain responsible for oversight of the share recall until it is completed.

7. NetSol agrees that all restricted stock that becomes vested shall be immediately issued without a legend.

8. That the receiver shall remain in place until such time as he, and his counsel, has been compensated in full for his services and the shareholders of NetSol have had the opportunity to vote for new management at a duly convened meeting. Notwithstanding the foregoing, both parties shall execute mutual releases at the time of the execution of the definitive agreement contemplated herein, and dismiss all pending litigation with prejudice.

9. The parties shall enter into a letter of intent whereby NetSol shall sell all of the operations within Pakistan to the Ghauri brothers for 1,750,000 shares of NetSol stock. As more specifically set forth therein, any such agreement shall be subject to a fairness opinion, shareholder and court approval along with any other security law requirement.

10. That this agreement shall be subject to the court's approval and compliance with all security regulations and any other legal requirements.

NetSol International

Ghauri Brothers

/s/ GEORGE C. SWARTS

/s/ NAEEM GHAURI

By: George C. Swarts
Its: Receiver

By: Naeem Ghauri

/s/ NAJEEB GHAURI

By: Najeeb Ghauri

NetSol Shareholder Group

/s/ CARY BURCH

By: Cary Burch

/s/ PETER SOLLENNE

By: Peter Solenne

