

UNITED STATES
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

Date of Report (Date of earliest event reported):

February 8, 2005 (February 8, 2005)

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)

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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 8, 2005, NetSol Technologies, Inc. issued a press release announcing results of operations and financial conditions for the quarter ended December 31, 2004. The press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this report shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

EXHIBITS

99.1 News Release dated February 8, 2005.

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SIGNATURES

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 TECHNOLOGIES, INC.

Date: February 8, 2005

/s/ Naeem Ghauri

NAEEM GHOURI
Chief Executive Officer

Date: February 8, 2005

/s/ Najeeb Ghauri

NAJEEB GHOURI
Chief Financial Officer and Chairman

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EXHIBIT 99.1

NEWS RELEASE DATED FEBRUARY 8, 2005

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**NETSOL TECHNOLOGIES REVENUES SURGE 125 PERCENT:
DELIVERS TWO CONSECUTIVE QUARTERS OF EARNINGS GROWTH**

**AUDITORS REMOVE GOING CONCERN AS REVENUE, PROFIT AND GROSS
MARGINS CONTINUE UPWARD TREND**

CALABASAS, CA - February 8, 2005 - NETSOL TECHNOLOGIES, INC. (NASDAQ:NTWK), a developer of proprietary software applications and provider of information technology (IT) services, today reported a continued surge in revenue and earnings for its second quarter of fiscal 2005, ended December 31, 2004. The company reported net revenue for the second quarter of fiscal 2005 of \$2.7 million, an increase of 125 percent when compared to revenues of \$1.2 million for the second quarter of fiscal 2004. Net income for the quarter was \$27,956, or net income per weighted average share of \$0.002, compared to a net loss of \$566,175, or a net loss per weighted average share of \$0.08, for the second quarter of fiscal 2004.

"We have continued to build on the strong results delivered in the first quarter of 2005," stated Naeem Ghauri, NetSol CEO. "LeaseSoft license sales are now consistently drive revenue, with its related professional services, support and maintenance providing growing, recurring revenue streams with exceptionally high gross margins." He continued, "We are especially pleased with the removal of the going concern opinion by the auditors, which expedites the due diligence process with larger clients, providing greater opportunity for and success rates on higher value project bids."

According to NetSol Chairman Najeeb U. Ghauri, net income for the quarter was reduced by \$416,030 (\$0.04 per share) as a result of a non-cash expense related to the exercise of warrants and beneficial conversion feature associated with prior financing in 2004. Nearly 90 percent of warrants associated with the financing have been issued as a result of debt conversion and the company anticipates only marginal warrant-related expenses for the remainder of fiscal 2005.

The continuous improvement in cash flow, major reductions in liabilities, sustained top-line growth and net equity were driving factors in the auditor's removal of the "Going Concern" opinion from the Company's financial statements.

For the six-month period ended December 31, 2004, the company reported revenue of \$4.8 million, an increase of 119 percent when compared to revenue of \$2.2 million for the six-month period ended December 31, 2003. NetSol reported net income of \$78,692, or net income per weighted share of \$0.01 for the six-month period of fiscal 2005, versus a net loss of \$1.4 million or a net loss per weighted average share of \$0.20 for the comparable six-months of fiscal 2004.

"We anticipate to maintain this robust revenue growth over the second half of 2005 as we have successfully executed on global marketing and sales initiatives, and leveraged our strategic partnerships to drive a significant increase in sales," said NetSol Chairman Najeeb U. Ghauri. "The continued traction in the market from our LeaseSoft product line has been complimented by very strong performance from our telecommunications division. We are confident not only in

**NETSOL TECHNOLOGIES REVENUES SURGE 125 PERCENT: DELIVERS TWO CONSECUTIVE
QUARTERS OF EARNINGS GROWTH**

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continuing strong organic growth, but anticipate the completion of our acquisition of CQ Systems will spark inorganic revenue growth in the fourth quarter of fiscal 2005."

Gross profit for the quarter rose to \$1.9 million with gross profit margins of 69.6 percent, compared to gross profits of \$718,009, or gross profit margins of 59 percent for the comparable quarter. The increase in profit margin is due to streamlining of business processes, a strict focus on managing operating expenses, and higher sales of high margin products and services.

NetSol's second quarter EBITDA (earnings before interest, tax, depreciation and amortization), a fundamental way to value a company's performance, was \$561,029 compared to an EBITDA loss of \$154,947 for the same period ended December 31, 2003. The EBITDA gain for the first half of fiscal 2005 was approximately \$1.0 million compared with the EBITDA loss of \$610,496 for the comparable first half of fiscal 2004.

Second Quarter Financial Highlights:

	Q2 2005	Q2 2004
Revenues	\$2.7 M	\$1.2 M
Gross Profit	\$1.9 M	\$0.7 M
Operating Income	\$0.4 M	(\$0.6 M)
EBITDA	\$0.6 M	(\$0.2 M)
Finance Costs	\$0.4 M	\$0.1 M
Net Tangible Assets	\$9.7 M	\$6.4 M
Stock Holders Equity	\$10.6 M	\$6.3 M

Second Quarter Business Highlights:

- o NetSol completes full installation of LeaseSoft.CMS in DaimlerChrysler Services (DCS) Australia, the second stage of a three part, \$2 million LeaseSoft contract with DaimlerChrysler Services;
- o Carnegie Mellon Software Engineering Institute awards NetSol with CMM Level 4 , names NetSol a certified SEI Partner;
- o A major breakthrough strategic alliance, NetSol and The Innovation Group form new joint venture, NetSol-TiG (Pvt.) Ltd.;
- o Government of Punjab selects NetSol to enhance national security and develop comprehensive motor transport management information system;
- o Majority-owned subsidiary, NetSol-Akhter announces 50th corporate customer, and is awarded five regional local loop licenses to penetrate \$100 million deregulated telephony market in Pakistan;
- o NetSol Akhter grows in pace with the parent at over 84 percent from same quarter last year;
- o Westrock Advisors initiates coverage on NetSol with buy rating
- o NetSol recognized by the Pakistan Software Export Board (PSEB) as the leading information technology exporter in the country,
- o New corporate website launched, with expanded product information, case studies, improved navigation and usability, back-end database integration, and detailed metrics tracking.

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ABOUT NETSOL TECHNOLOGIES, INC.

NetSol Technologies is a leading end-to-end solution provider for the lease and finance industry. Headquartered in Calabasas, CA, NetSol Technologies, Inc. operates on a global basis with locations in the U.S., Europe, East Asia and Asia Pacific. NetSol helps its clients identify, evaluate and implement technology solutions to meet their most critical business challenges and maximize their bottom line. By utilizing its worldwide resources, NetSol delivers high-quality, cost-effective IT services ranging from consulting and application development to systems integration and outsourcing. NetSol's commitment to quality is demonstrated by its achievement of both ISO 9001 and SEI (Software Engineering Institute) CMM (Capability Maturity Model) Level 4 assessment. For more information, visit NetSol Technologies' web site at www.netsoltek.com.

SECURITIES EXCHANGE ACT OF 1934

This release is comprised of inter-related information that must be interpreted in the context of all the information provided; accordingly, care should be exercised not to consider portions of this release out of context. This release is provided in compliance with Commission Regulation FD and contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance, are not statements of historical fact and may be "forward-looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will", "anticipates", "estimates", "believes", or statements indicating certain actions "may", "could", or "might" occur. Such statements reflect the current views of NetSol Technologies with respect to future events and are subject to certain assumptions, including those described in this release. Should one or more of the underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed or expected. NetSol Technologies does not intend to update these forward-looking statements prior to announcement of quarterly or annual results.

(Table Follows)

NETSOL TECHNOLOGIES REVENUES SURGE 125 PERCENT: DELIVERS TWO CONSECUTIVE

<TABLE>
<CAPTION>

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
NET REVENUES	\$ 2,723,227	\$ 1,208,345	\$ 4,781,532	\$ 2,180,957
COST OF REVENUES	828,973	490,336	1,580,620	950,713
GROSS PROFIT	1,894,254	718,009	3,200,912	1,230,244
GROSS PROFIT PERCENTAGE	69.56%	59.42%	66.94%	56.41%
OPERATING EXPENSES:				
Selling and marketing	135,352	27,465	254,700	46,687
Depreciation and amortization	424,648	411,228	838,473	824,029
Settlement costs	43,200	100,000	43,200	100,000
Bad debt expense	--	41,188	--	93,506
Salaries and wages	464,363	278,909	795,221	594,449
Professional services, including non-cash compensation	140,971	84,288	255,305	239,702
General and administrative	292,751	361,446	570,266	748,484
Total operating expenses	1,501,285	1,304,524	2,757,165	2,646,857
INCOME FROM OPERATIONS (LOSS)	392,969	(586,515)	443,747	(1,416,613)
OTHER INCOME AND (EXPENSES)				
Gain (Loss) on sale of assets	--	3,069	(620)	(33,919)
Beneficial conversion feature	(194,416)	(96,027)	(231,916)	(96,027)
Fair market value of warrants issued	(221,614)	--	(249,638)	--
Gain on forgiveness of debt	139,367	104,088	189,641	104,088
Interest expense	(108,425)	--	(130,000)	--
Other income and (expenses)	20,884	(48,819)	43,219	(85,392)
Total other expenses	(364,204)	(37,689)	(379,314)	(111,250)
NET INCOME (LOSS) BEFORE MINORITY INTEREST IN SUBSIDIARY	28,765	(624,204)	64,433	(1,527,863)
MINORITY INTEREST IN SUBSIDIARY	(809)	58,029	14,259	93,338
NET INCOME (LOSS)	27,956	(566,175)	78,692	(1,434,525)
OTHER COMPREHENSIVE (LOSS)/GAIN:				
Translation adjustment	(89,720)	(27,419)	(173,409)	(107,207)
COMPREHENSIVE LOSS	\$ (61,764)	\$ (593,594)	\$ (94,717)	\$ (1,541,732)
NET INCOME (LOSS) PER SHARE:				
Basic	\$ 0.00	\$ (0.08)	\$ 0.01	\$ (0.20)
Diluted	\$ 0.00	\$ (0.08)	\$ 0.01	\$ (0.20)
Weighted average number of shares outstanding				
Basic	10,643,113	7,331,928	10,073,951	7,089,123
Diluted	13,455,875	7,331,928	12,760,805	7,089,123

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