

NET 1 UEPS TECHNOLOGIES INC  
Form 10KSB  
March 28, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT  
OF 1934

For the fiscal year ended December 31, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER \_\_\_\_\_

NET 1 UEPS TECHNOLOGIES, INC.  
(Name of Small Business Issuer in Its Charter)

FLORIDA  
(State or Other Jurisdiction of  
Incorporation or Organization)

65-0903895  
(I.R.S. Employer  
Identification No.)

325-744 WEST HASTINGS STREET  
VANCOUVER B.C., CANADA V6C 1A5  
(Address of Principal Executive Offices)(Zip Code)

(888) 796-2233  
(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Securities Exchange Act of  
1934:

Title of Each Class	Name of Each Exchange on Which Registered
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NONE	NONE
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Securities registered under Section 12(g) of the Securities Exchange Act of  
1934:

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COMMON STOCK, PAR VALUE \$.001 PER SHARE

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(Title of Class)

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

Yes  No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

State registrant's revenues for the year ended December 31, 2002: \$157,673

State the aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the closing bid price of its Common Stock as reported on the OTC Bulletin Board on March 17, 2003 (\$1.00): \$7,332,278

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares outstanding of the registrant's Common Stock, par value \$.001 per share (the "Common Stock"), as of March 17, 2003, was 15,852,856.

Transitional Small Business Disclosure Format (check one): Yes \_\_\_ No

DOCUMENTS INCORPORATED BY REFERENCE

THIS ANNUAL REPORT FORM 10-KSB CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. ALL STATEMENTS, OTHER THAN STATEMENTS OF HISTORICAL FACTS, INCLUDED IN OR INCORPORATED BY REFERENCE INTO THIS FORM 10-KSB, ARE FORWARD-LOOKING STATEMENTS. IN ADDITION, WHEN USED IN THIS DOCUMENT THE WORDS "ANTICIPATE," "ESTIMATE," "INTENDS," "PROJECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS, UNCERTAINTIES AND ASSUMPTIONS. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE ANTICIPATED, ESTIMATED OR PROJECTED. ALTHOUGH THE COMPANY BELIEVES THAT THE

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EXPECTATIONS WE INCLUDE IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, WE CANNOT ASSURE YOU THAT THESE EXPECTATIONS WILL PROVE TO BE CORRECT.

**PART 1**

ITEM 1. DESCRIPTION OF BUSINESS

BACKGROUND

Net 1 UEPS Technologies, Inc. was incorporated under the laws of the State of Florida in May 1997 to acquire and exploit a non-exclusive worldwide license to the "Universal Electronic Payment System" or "UEPS" payment system.

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The UEPS is a software application that utilizes the "Funds Transfer System" or "FTS" patents held by Net 1 Holdings S.a.r.l. "Net 1 Holdings", a 1929 company incorporated in Luxembourg. In this report, we refer to Net 1 UEPS Technologies, Inc. as "Net 1," "we," or "us." Information in this registration statement gives effect to a 2:1 forward split of our common stock executed in June 1998.

Net 1 is a development stage company engaged in the business of commercializing the smart card based UEPS through the development of strategic alliances with national and international bank, card service or retail organizations. To date our activities have consisted of acquiring certain exclusive rights to the above- mentioned technology from Net 1 Holdings.

Our management team devotes most of their activities to establishing a new business, primarily, the development of a detailed business plan, marketing strategy and the raising of the funds required to develop and operate the business successfully. Planned principal activities have produced minimal revenues, and Net 1 has suffered operating losses. Net 1 has a working capital deficiency of \$236,549 as of December 31, 2002. These factors raise substantial doubt about Net 1's ability to continue as a going concern. The ability of Net 1 to complete its long-term business plan depends on whether it is successful in raising the capital it requires through equity financing and developing a market for its products.

The UEPS technology was developed by Serge Belamant, a non executive officer of Net 1, and the late Andre Mansvelt, a former non executive officer of Net 1, and the resulting FTS patents (or applications for patents) were assigned to Net 1 Investment Holdings (Pty) Ltd. ("Net 1 (Pty)") with respect to patent rights in South Africa and the surrounding territories, and to Net 1 Holdings with respect to rights in all other territories.

Net 1 entered into a license agreement, dated May 19, 1997 (the "License Agreement"), with Net 1 Holdings, Net 1 Operations S.a.r.l. and Net 1 Pty (collectively, the "Licensors"), where the licensors granted a non-exclusive license to us for the UEPS

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technology. On October 1, 1997 an Amendment to the License Agreement was signed that provided for the transfer of the ownership of the UEPS technology and FTS patents world-wide except for South Africa and its surrounding territories and for the assignment of the Technology License Agreement between Visa International Service Association and Net 1 Holdings, dated July 31, 1997 (the "Visa Agreement") to Net 1 in consideration for 4,729,612 shares of common stock of Net 1. The assignment of the Visa Agreement and the transfer of the ownership of the UEPS technology and FTS patents to NET 1 were never consummated because certain conditions precedent were never satisfied.

On May 3, 2000 we entered into a Patent and Technology Agreement with Net 1 Holdings S.a.r.l. that granted us an exclusive marketing license for the UEPS technology and the FTS patents world-wide except for South Africa and its surrounding territories, under terms similar to those stipulated in the Amendment to the License Agreement. No conditions precedent were stipulated. The 4,729,612 shares of common stock of Net 1 previously issued in consideration for the Amendment to the License Agreement were released to Net 1 Holdings .

### DESCRIPTION OF OUR BUSINESS

The following description of our business is intended to provide an understanding of our product and the direction of our initial marketing strategy. As Net 1 is in its developmental stages, any focus described in the following may change and different initiatives may be pursued although none are presently contemplated.

We intend to develop and implement a branded payment system utilizing our proprietary technology. The payment system network will operate under the name "Net 1." The Net 1 payment system will provide an alternative to existing

payment systems such as credit cards, debit cards, bank wires, checks and cash. Net 1's initial focus will be on products where we do not expose ourselves to credit risk.

The Net 1 system employs cards that are similar to credit cards, but which have a computer chip embedded within them that can both store and process information. The Net 1 system is based on two components developed by the founders of Net 1, the FTS, for which patents have been obtained or applied for in certain jurisdictions, and the UEPS. The FTS describes a secure method of transferring funds from one smart card to another without the need for the card-to-card transaction to be processed through a central computer issuing system, a so-called off-line transaction. The UEPS is a suite of computer programs that incorporates the FTS to deliver a fully integrated payment and settlement system.

We will license our proprietary technology to other entities which will issue Net 1 cards to their customers. Depending on the specifics of the application, as discussed below, funds are loaded onto the computer chip on the cardholder's card either by the cardholder or by others, including employers or governmental benefit providers. Once loaded with

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funds, the cardholder may pay for goods or services by transferring funds from his or her card to a merchant that accepts Net 1 cards.

Unlike other smart card based cash substitute schemes, such as Mondex(R) and VisaCash(R) which have had unsuccessful pilot programs in the past, we believe that the technology underlying the Net 1 payment system offers a variety of benefits to the cardholder which makes the Net 1 system much more than merely a substitute for cash.

As two brief examples:

- the system is designed to be loss tolerant, in the event that a card is lost or stolen, the funds loaded onto the card cannot be used by a third party and the card can be replaced once reported lost or stolen, and
- funds can be securely transferred off-line from one card to another. A cardholder with a home card reader/terminal can pay for goods bought over the Internet from a merchant that accepts the card without the need to transmit personal account information over the Internet.

In addition, interest can be paid on account balances. The benefits that are inherent in the Net 1 system make the system attractive to issuers, cardholders and merchants in geographically and economically diverse areas.

We are still in the developmental stages of our business and for the next twelve months intend to focus on attracting the necessary capital to implement our business plan as described below. Since our inception, we have not yet been successful in raising the capital required to implement our business plan. No assurances can therefore be given that we will be successful in attracting capital or meeting our business objectives in the future.

## OUR TECHNOLOGY

Net 1's technological platform is based on two fundamental components:

- the FTS patents; and
- the UEPS.

**FTS Patents.** The FTS describes a method through which funds can be transferred from one smart card to another in a secure and off-line manner. Off-line for these purposes refers to a transaction which is effected when there is no contact with the card issuer or authorization center at the time of the transaction. The FTS also incorporates how these cards can be loaded or re-loaded with funds as well as how these funds can be redeemed for value in a banking or

non-banking environment. The FTS patents are registered in the United States, and South Africa and a number of other countries that have patent

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agreements with these countries. The FTS is registered in the United States Patent & Trademark Office under registration number 5,175,416.

Status of FTS Patents. As previously reported, Net 1 has an exclusive marketing license for the UEPS technology and funds transfer system for the world excluding South Africa and its surrounding territories. The system was first patented in South Africa in 1989 and the European patent was filed in October 1990 and granted in December 1994. The U.S. patent was granted in December 29, 1992. The European Patent Convention provides for an opposition period of two years following the grant of a European patent, and six parties filed an opposition to the grant of the patent on the grounds that the invention was not patentable. As previously disclosed, the case was heard before a Board of the Opposition Division in March 1998 and the patent was upheld. Following the issue of the formal decision, a number of the original opponents filed a second appeal. The oral proceedings for the second appeal were heard on October 10, 2002 and the Appeal Board reversed its earlier decision. The formal written decision from the Appeal Board was received on December 24, 2002. Consequently, the patent has been revoked relative to Europe and there will be no possibility by us of any further appeal.

The Company's patent in the U.S. remains in full force and effect, and Net 1 is not aware of any challenges to the U.S. patent. The economic loss for the Company will be the lost opportunity to collect royalties/fees for patent infringement in Europe. However, the Company's business plan and forecast did not account for such royalties as a major source of revenue in the medium to long term as the key to Net 1's operations in Europe was based on its know-how and ability to exploit the technology rather than based on its proprietary right. Accordingly, while the Company is disappointed in this ruling, it is not expected to have a material adverse effect on Net 1 in the long term. Some short term income, however, will be lost due to loss of the European patent. These amounts are minimal and would not in any way be sufficient to implement our business plan either partially or in full.

The methodology protected by the FTS patents makes possible a payment system that is affordable, secure and flexible. The system is affordable because transactions occur between the computer chips embedded in the two smart cards involved using a relatively inexpensive self contained terminal. There is, therefore, no need for existing infrastructures such as electricity, telephone or data transmission. The Net 1 payment system utilizing the FTS is secure because all transactions are verified (i.e., confirmation of the actual transfer of the funds) between the two smart cards which are involved in the transaction using advanced hardware tamper protection and cryptographic systems, together with protocols and techniques developed by the founders of Net 1. Finally, the FTS is flexible because transactions are completed off-line so that there are virtually no restrictions on the locations in which verified transactions can occur.

UEPS. The UEPS is a suite of software programs that incorporates the FTS patent to deliver a fully integrated payment and settlement system. The first version of the UEPS system was released in 1991. The programs included in the UEPS include both the software which is included in the computer chip embedded in each smart card as well as

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the software required to maintain the payment system. UEPS provides all the functions that are necessary to issue and manage a smart card and terminal base as well as those needed to effect settlement between all the operators and participants. UEPS is fully traceable and auditable and can provide advanced facilities such as loss tolerance and interest distribution. UEPS is scalable and can be made available to well established market leaders or as a starter kit to smaller organizations.

#### IDENTIFIED SOURCES OF REVENUE

Net 1 has identified several potential general sources of revenue including:

- manufacture licensing,
- usage licensing,

Net 1 Holdings has received license usage fees during calendar year 2002 from Visa International Service Association and FTS licensees for Latvia, Burundi, Malawi, Rwanda and the CIS states. See below:

- joint ventures, and
- hardware sales.

None of the other sources of revenue have yet been developed and there can be no assurance that they will develop.

**Manufacture Licensing.** Licenses will be required by all manufacturers that produce smart cards that incorporate into their embedded computer chip applications that utilize the FTS patents. Net 1 intends to charge a fee to smart card manufacturers for each smart card produced by such manufacturer that includes the FTS application. In addition, it is anticipated that a yearly fee will also be charged which will entitle the manufacturers to product information and workshop materials from Net 1.

Manufacturers of point of sale terminals and prepaid utility meter terminals who wish to produce terminals capable of supporting FTS based applications will be licensed by Net 1. It is anticipated that these manufacturer licenses will be based on a variety of payment systems including, for example, annual payments, per-terminal payments or transaction fees, depending upon the particular circumstances. Generally, the terminals used in connection with the FTS/UEPS based payment system, unlike other payment systems, do not require a great deal of technology as the security process used by the payment system is managed in its entirety by the two smart cards transacting at the time. Manufacturers, therefore, can mass-produce low cost terminals for the Net 1 FTS/UEPS payment systems. These potential revenues have now been limited to manufacturers that are U.S. based as the European FTS patent has been revoked.

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**Usage Licensing.** We will license entities that will operate specific applications that use FTS intellectual property or the combined FTS/UEPS payment system. We anticipate that the license fees for these licenses will include a combination of annual fees as well as transaction fees.

Net 1 receives revenue from Net 1 Holdings from all sales of licenses equal to Net 1 Holdings annual net profit before amortization as certified by its auditors in its annual financial statement. Net 1 will recognize the revenue in the period when the audited financial statements of Net 1 Holdings become available and will report the revenue on a net basis as the Company is acting as an agent for Net 1 Holdings as per the Patent and Technology agreement dated May 3, 2000.

Net 1 Holdings has received license usage fees during calendar year 2002 from Visa International Service Association and FTS licensees for Latvia, Burundi, Malawi, Rwanda and the CIS states.

For fiscal 2002, Net 1 recorded revenues of \$157,673 from Net 1 Holdings.

**Joint Ventures.** We will explore opportunities to form joint ventures with entities within particular geographic territories. The joint venturer would then act as a system operator in that territory. Under this scenario we will act as a licensor and may have an equity interest or other participation in the licensee. It is contemplated that we will enter into technology and know-how transfer agreements in exchange for our interest in the joint venture and the other joint venture partner or partners will contribute capital and other expertise necessary to exploit the technology in the given territory.

Hardware Sales. We will pursue arrangements with smart card and terminal manufacturers which will enable us to purchase these items of hardware in volume at preferential prices. We contemplate selling these items to our licensees, passing along a portion of the price savings. These revenues will only become possible if we are able to raise the funds we require to operate the Company as per the business plan.

## MARKET FOCUS

In an effort to allocate our resources in an efficient manner, management of Net 1 has identified two distinct markets for our products based on the benefits that cardholders, merchant cardholders and others would find desirable from the payment system. Net 1 has developed marketing strategies to develop these two markets. The first market is one which has a reliable, extensive and inexpensive telecommunications network, with a considerable penetration of credit and debit card services, and in which the vast majority of the population has access to banking products. For our purposes, this market is referred to as the "developed market." The second market is characterized by regions which do not have reliable, extensive and inexpensive telecommunications and related infrastructure systems, where there is relatively little penetration of credit or debit cards and/or where a large portion of the population does not have access to traditional banking services. The second market is referred to as the "less developed market."

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The Developed Markets. Our principal competition in the developed markets is the existing installed base of credit and traditional on-line debit cards, as well as cash, checks and other forms of payment. In addition, several other companies are developing smart card based payment systems. In order to effectively compete in this market, an alternative payment system must offer some identifiable benefit to the cardholder and the merchant cardholder. We believe that our product offers substantial benefits over existing payment systems in connection with payments for goods and services over the Internet and other selected environments.

One significant impediment to the growth of commerce over the Internet is the reluctance of consumers to broadcast sensitive credit or debit account information over the Internet. Moreover, Internet transactions settled by credit card are not generally verified, resulting in increased costs for the on-line merchant. There is a need in this market for a payment system which can provide on-line merchants with instant, verified (i.e., the equivalent of receiving cash) transfers of payments from customers while not requiring the customer to transmit any information over the Internet which can access or even identify the customer's payment account. We believe that the Net 1 FTS/UEPS payment system can meet these objectives as well as provide additional benefits to on-line consumers and merchants.

We envision a system in which consumers can use their existing account at a financial institution to load their cards with funds. This procedure will be able to operate in many different ways depending on the relationship between Net 1 and the specific financial institution. If no relationship exists, a simple debit or stop order could be used to allow the cardholder to load his or her UEPS smart card through a simple Internet application. In the case where the financial institution is a licensee of Net 1, the debit or stop order would not be required to achieve the above mentioned result. Interest rates and other incentives could be offered to cardholders as an incentive to maintain higher balances on their UEPS smart cards. Internet merchants would then be able to accept guaranteed payments for the goods or services they offer over the Internet. Merchants and service providers would be able to deposit these payments in any financial institution on a daily basis. Cardholders would be protected against the unauthorized use of their card and would always maintain a full audit trail of all their transactions.

Net 1's Internet payment solution is no different to its standard off-line point-of-sale transaction. Our ability to readily adapt UEPS to Internet transactions is due to the patented end-to-end security protocol that ensures that any active communication can only be interpreted by the cardholder and the merchant cardholders. We believe that the risk of fraud, repudiation or non-payment is reduced compared to competing systems.

Net 1 intends to have a system that can provide payment functionality in pay-as-you-use services. These services

include, for example, access to databases or other information systems, professional advice or advanced software or special application systems. There are other competing systems that have been proposed for these markets. Our continuous debit function could ensure that payment is made while the service is being used. This

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same functionality can be used in applications such as fuel dispensing and telephonic communication.

We intend to market this product to on-line retailers and service providers and will develop a final product based on the specifications for the system required by these entities. Once there is a sufficient installed base of cards, Net 1 will then broaden its focus to conventional banking and retail applications in these markets.

Less Developed Markets. Net 1's present competition in the less developed markets is principally cash. In addition, other companies are developing smart card based systems for these markets, and these systems may be competitive. The less developed markets comprise the great majority of the world's population, and there is currently no alternative to cash in these markets. Due to their lack of infrastructure, these markets have not been particularly attractive to alternative payment systems such as debit and credit cards, and for the most part, entities such as Visa and MasterCard have not attempted to enter these markets. Net 1 believes that its product is particularly well suited for these markets, and while individual transactions may be smaller than in more well developed markets, the volume of these transactions is potentially much greater, representing a significant opportunity for us, our licensees and joint venture partners.

Net 1's goal in these markets is to provide a payment system to the population as an alternative to cash. Cash is expensive to handle and is particularly prone to theft. Moreover, since people in the less developed markets do not have access to traditional banking products, they therefore do not deposit their money in secure savings accounts on which they earn interest. The Net 1 FTS/UEPS system can enhance the lives of the populations of these developing markets by affording them much greater security with respect to their money and making available banking products such as interest bearing savings accounts. In addition, by simplifying the administrative burden and removing the costs associated with handling cash, a Net 1 FTS/UEPS system will result in significant savings to employers, governments and merchants. A significant focus of Net 1 in these markets, therefore, is to identify licensees and/or joint venture partners located in these regions that it believes will be in a position to effectively market the payment system to employers and governments.

The general strategy is to market the system to those who presently transfer money to others, as wages in the case of employers and as government benefits in the case of governments. These entities would enter into arrangements with a card issuer, who would issue cards to their employees or beneficiaries. The wages or benefits for these cardholders would then be loaded onto their cards, thus avoiding the need for the distribution of cash or checks. The funds loaded onto the cards could then be used at local merchants that accept the card for purchases of goods and services. Cash could also be obtained from the card at local banks or retail establishments. The goal is to develop a large installed cardholder base in the most efficient manner. Once a region has a sufficient number of cardholders, additional merchants can be solicited and the payment system expanded. As the cardholder base grows, additional benefits inherent in the Net 1 FTS/UEPS system will become recognized and the system will continue to grow. Net 1 is

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also exploring initiatives in these markets to utilize the FTS/UEPS system in connection with public transportation, taxis and prepaid utility services such as telephones, electricity and water.

## COMPETITION

Separate from competition from cash, checks, credit and debit cards and other existing payment systems, Net 1 has identified a number of other products currently being produced which use smart card technology in connection with a



fund transfer system. These include Mondex, Proton and EMV, which represent products from Visa, MasterCard and Europay. We believe that the UEPS technology can be distinguished from these competitors in a number of significant ways.

The most important differences between our competition and Net 1 are listed below:

- since little or no technology is required in the terminal itself, terminals can be manufactured, distributed and installed at a fraction of the cost of other similar terminals which require sophisticated security and communications modules;
- the terminal network can operate "off-line" (i.e. without the need for a data communication session to be active during the transaction) or "on line" through the use of any communications infrastructure, including satellite, micro-wave, radio, land lines or any other distribution channel;
- each transaction has a unique transaction sequencing algorithm that allows verifiable auditing of the transaction creating a loss tolerant system. From a practical perspective, this enables the detection and subsequent elimination of fraudulent activity and an ability to replace lost or stolen cards; and
- the encryption security protocols enable cardholders to receive fund loading instructions from a third party through any insecure communications channel such as word of mouth, telephone, newspaper or any analogue or digital network.

In addition, the UEPS technology includes functionality that allows:

- transparent and automatic recovery in the event of transaction failure resulting from terminal hardware or software problems;
- the smart card itself can be used as proof of purchase, replacing the need for a separate ticket and ticketing system, for example, on buses, trains or the lottery;
- continuous debiting which in turn allows for simultaneous vending and debiting in unattended environments such as fuel dispensing and telephony;
- speed of processing that is mandatory in applications such as transportation and access control; and

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- open or restricted purses that are required to implement certain applications such as pension and welfare distribution and specific funding initiatives.

## ITEM 2. DESCRIPTION OF PROPERTIES

Net 1 rents office facilities and services on an as needed basis at suite 325-744 West Hastings Street, Vancouver B.C. Canada from Gilmour, McKay Roberts Consulting Limited, one of our financial consultants. We rent the offices for One Thousand Dollars (\$1,000) per month on a month to month basis.

## ITEM 3. LEGAL PROCEEDINGS

In September 1997, John Drove, as petitioner, applied for an order under Section 201 of the Company Act, R.S.B.C. 1996, allowing him to commence a derivative action in the name of Net 1 Products (Canada) Ltd., against the individual respondents Andre Peter Mansvelt and Serge Christian Pierre Belamant, a former officer and current officer of Net 1 respectively, for the alleged wrongful appropriation of a corporate opportunity belonging to Net 1 Products (Canada) Ltd. and for breach of trust and breach of fiduciary duty of the individual respondents to Net 1 Products (Canada) Ltd. A petition was filed in the Supreme Court of British Columbia, Vancouver Registry under case number A972151. Because factual disputes arose between the parties, it was necessary that the petition be converted into an action to enable discovery and a trial to resolve the issues in dispute. We are informed that no written contracts were entered into with the petitioner. On October 5, 1998, the Court ordered that the matter be brought to trial and that it

proceed under action number C976027 in the Supreme Court of British Columbia, Vancouver Registry. A writ of summons was subsequently issued by Net 1 Products (Canada) Ltd., as plaintiff, against Andre Peter Mansvelt and Serge Christian Pierre Belamant. The specific relief sought by Net 1 Products (Canada) Ltd. includes a declaration that Net 1 Products (Canada) Ltd. has certain rights to the UEPS Technology within Canada, an accounting with respect to the third party licensing and distribution rights of UEPS in Canada, and an order to transfer to the petitioner certain rights to the UEPS Technology.

In February 2000, an application to join numerous other entities was filed by Net 1 Products (Canada) Ltd. On December 6, 2001, all claims by John Drove and Net 1 Products (Canada) Ltd. were settled by Serge Christian Pierre Belamant and the estate of the late Andre Peter Mansvelt resulting in no settlement cost to Net 1.

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

Not Applicable.

## PART II

#### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

There is currently limited public trading of Net 1's common stock on the OTC Bulletin Board under the symbol NUEP. As of February 28, 2003 there were 60 shareholders of record of our common stock. Our common stock traded on the Pink Sheets of the National Quotation System under the symbol NUEP from February 2000 to mid December 2000. In mid December 2000, our common stock again traded on the OTC Bulletin Board as the Company complied with the OTC Bulletin Board Eligibility Rule. The following table sets forth the high and low bid quotations for the common stock for the periods indicated. These quotations reflect prices between dealers, do not include retail mark-ups, mark-downs, and commissions and may not necessarily represent actual transactions.

<u>PERIOD</u>	<u>HIGH</u>	<u>LOW</u>
Quarter ended March 31, 1999	\$6.75	\$3.5
Quarter ended June 30, 1999	\$6.00	\$3.31
Quarter ended September 30, 1999	\$4.00	\$1.875
Quarter ended December 31, 1999	\$2.81	\$1.375
Quarter ended March 31, 2000	\$7.93	\$2.25
Quarter ended June 30, 2000	\$5.75	\$3.00
Quarter ended September 31, 2000	\$5.50	\$3.65
Quarter ended December 31, 2000	\$4.65	\$2.00
Quarter ended March 31, 2001	\$2.06	\$1.50
Quarter ended June 30, 2001	\$1.55	\$1.17
Quarter ended September 30, 2001	\$1.40	\$0.90
Quarter ended December 31, 2001	\$1.01	\$0.80
Quarter ended March 31, 2002	\$1.25	\$0.75
Quarter ended June 30, 2002	\$1.35	\$1.13
Quarter ended September 30, 2002	\$1.20	\$0.90
Quarter ended December 31, 2002	\$1.15	\$1.01

Net 1's transfer agent since May 1997 is Florida Atlantic Stock Transfer Inc., located at 7130 NOB Hill Road, Tamarac, Florida, FL33321.

Net 1 has never paid cash dividends on its common stock and presently intends to retain future earnings, if any, to

finance the expansion of business. Net 1 does not anticipate that any cash dividends will be paid in the foreseeable future. The future dividend policy will depend on our earnings, capital requirements, expansion plans, financial condition and other relevant factors.

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## ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Management's discussion and analysis contains various forward-looking statements within the meaning of the Securities and Exchange Act of 1934. These statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as may, except, anticipate, estimate, continue or use of negative or other variations of comparable terminology. Management cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those contained in forward-looking statements, that these forward-looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in forward-looking statements.

The following discussion and analysis should be read in conjunction with the financial statements of the Company and the notes thereto appearing elsewhere.

### Results of Operations

YEAR ENDED DECEMBER 31, 2002 COMPARED TO THE YEAR ENDED DECEMBER 31, 2001.

Management has been actively involved in negotiations to secure sufficient equity and/or debt financing to fund the Company's business plans.

On October 23, 2002, the Company retained Investec Limited ( Investec ), an international merchant banking group, to provide corporate finance services and assistance in order to raise equity and/or debt funding for the Company. Subsequently, on February 12, 2003, Investec and the Company mutually agreed to terminate the engagement. The Company continues in various negotiations to secure necessary funding either through equity/debt financing or a joint venture arrangement to develop its business.

In the short term, management has postponed various expenses including the Consulting Agreement with its CEO, Claude Guerard and its Outsourcing Agreement with Net 1 Investment Holdings (Pty), Ltd.

The Company, in October 2002, cancelled its Outsourcing Agreement with Net 1 Investment Holdings (Pty), Ltd. and both companies entered into a Distribution Agreement with an effective date of July 1, 2002. Net 1 Investment Holdings (Pty), Ltd., at its entire discretion and when it deems appropriate and under the terms and conditions as stipulated in the Distribution Agreement, will provide the Company, with marketing, sales, administrative and technical support as an accredited UEPS integrator for any country in the world other than the Republic of South Africa, Namibia, Botswana, Lesotho, Swaziland, Mozambique and Zimbabwe. The Company will pay Net 1 Investment Holdings (Pty), Ltd. an amount equal to 9.5% of the license fee paid by the

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customer for the duration of the license's existence. This fee is only applicable for new licenses and upgrades of existing licenses. The Company also settled its indebtedness to Net 1 Investment Holdings (Pty), Ltd. for services rendered up to July 2002, for an amount of \$50,000 which has been paid.

Management continues to be actively involved in negotiations in view of reaching two main targets required for the future of the Company:

- To establish a partnership agreement with IT services and financial services entities which would provide the total technical support required by NUEP's licensees to launch and develop their own applications based on the FTS patent and the related UEPS technologies and services.
- The Company's first partnership agreement is the Distribution Agreement which became effective July 1, 2002 with Net 1 Investment Holdings (Pty) Ltd., a South African company, for any country in the world except South Africa and its surrounding territories (Namibia, Botswana, Lesotho, Swaziland, Mozambique and Zimbabwe).
- To develop NUEP's licensee network on a worldwide basis. We have granted licenses in Latvia, Burundi, Ghana, Rwanda and Malawi, and are currently in negotiations with potential licensees in various countries of Africa. An Australian organization has approached NUEP for an FTS license for Australia and New Zealand. Negotiations also include the possibility to grant licenses for territories in the Pacific rim.

## REVENUE

The Company is still in its development stage and principal activities have produced revenues of \$157,673 which represent license fees collected by Net 1 Holdings during calendar year 2001. License fees collected during calendar year 2002 total \$41,017.

Net 1 receives revenue from Net 1 Holdings from all sales of licenses equal to Net 1 Holdings annual net profit before amortization as certified by its auditors in its annual financial statement. Net 1 recognized the revenue in the period when the audited financial statements of Net 1 Holdings become available and will report the revenue on a net basis as the Company is acting as an agent for Net 1 Holdings as per the Patent and Technology agreement dated May 3, 2000.

## ADMINISTRATIVE EXPENSES

Administrative expenses have decreased \$353,088 from \$677,595 in the year 2001 to \$324,507 during the year 2002. The decrease resulted primarily from the cancellation of subcontract costs associated with the Company's Outsourcing Agreement; and a reduction in business development expenses and travel costs. Management intends to keep operating expenses at the lowest possible level by developing outsourcing policies.

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## OTHER

Management continues its efforts to secure the funding required to exploit the FTS/UEPS technology on a worldwide basis.

Strategic alliances, joint ventures and/or investments in companies having expertise in IT services, financial services and proven market penetration are currently being explored.

## LIQUIDITY AND CAPITAL RESOURCES

The primary source of the Company's cash has been through the sale of equity. Currently, the Company does not have available any established lines of credit with banking facilities.

The Company recognized revenue of \$157,673 for the fiscal year ended December 31, 2002 from license fees collected up to December 31, 2001 by Net 1 Holdings. For the fiscal year ending December 31, 2003, the Company will be receiving \$41,017 from sales of licenses.

Our cash decreased \$37,235 from \$57,289 at December 31, 2001 to our ending balance of \$20,054 at December 31, 2002. The cash was used to fund our operating expenses.

The Company anticipates raising additional funds from the sale of equity during the next fiscal year. Such capital will be used for working capital.

The Company believes its current available cash position and revenues due from Net 1 Holdings is sufficient to meet its cash needs on a short-term basis, but the Company will need a substantial amount of additional capital to pursue its business plans in any meaningful manner.

The Company's ability to continue as a going concern is dependent upon the Company's ability in the near future to (i) raise additional funds through equity financings, loans or joint venture agreements, involving affiliates, controlling shareholders, and related or unrelated parties, and (ii) further develop markets for its products.

#### ITEM 7. FINANCIAL STATEMENTS

See "Index to Financial Statements" for the financial statements included in this Form 10-KSB.

#### ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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### PART III

#### ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

##### DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the names, ages and positions of our executive officers and directors. Directors will be elected at our annual meeting of shareholders and serve for one year or until their successors are elected and qualify. Officers are elected by the board of directors and their terms of office are, except to the extent governed by employment contract, at the discretion of the board of directors.

<u>Name</u>	<u>Age</u>	<u>Positions Held</u>
Serge Belamant	49	Non executive Chairman of the Board of Directors
Claude Guerard	61	Director, Chief Executive Officer
David Anthony	53	Secretary and Treasurer

Serge Christian Pierre Belamant has been a director of Net 1 since its inception in May 1997. From May 1997 to October 2000, Mr. Belamant also served as Chief Executive Officer of Net 1. From June 1997 to present, Mr. Belamant has served as Chief Executive Officer and a director of Net 1 Applied Technology Holdings Limited, a company listed on the Johannesburg Stock Exchange. From 1996 to 1997, Mr. Belamant served as a consultant in the development of COPAC (Chip Off-Line Pre-Authorized Card), a product currently being marketed internationally by Visa International. From October 1989 to September 1995, Mr. Belamant served as the managing director of Net 1 Products (Pty) Ltd., a privately owned South African company specializing in the development of advanced technologies in the field of transaction processing and payment systems. Mr. Belamant also serves on the board of a number of other companies that are closely related to the smart card business worldwide. Mr. Belamant spent ten years working as a computer scientist for Control Data Corporation where he won a number of international awards. Later, he was responsible for the design, development, implementation and operation of the Saswitch Automated

Teller Machine network in South Africa that rates today as the third largest ATM switching system in the world. Mr. Belamant has patented a number of inventions ranging from biometrics to gaming as well as the FTS. Mr. Belamant has more than twenty years experience in the fields of operations research, security, biometrics, artificial intelligence and on-line and off-line transaction processing systems. Serge Belamant is the non-executive Chairman of the Board of the Company.

Claude Guerard has served as our director since August 1998 and as CEO since October 2000. From December 1996 to October 1999, Mr. Guerard served as Vice President of Gemplus S.C.A., a company in the smart card industry. During this period, Mr. Guerard

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also served as the Chief Executive Officer of Gemplus' South African division, Chief Executive Officer of Gemplus GmbH, and general manager of Gemplus' Central and Eastern Europe division. From 1990 to 1996, Mr. Guerard was Chief Executive Officer and Chairman of AM International France, a subsidiary of AM International Corp., a Chicago based multinational graphics and printing company. Mr. Guerard also has sales and management experience in computer/technology and related industries having worked for 13 years at IBM and 8 years with Nashua Corp., a company engaged in the sales and service of office equipment.

David Anthony has served as Net 1's Secretary and Treasurer since May 1997. From 1991 to 1997, Mr. Anthony was the sole proprietor of an independent financial consulting firm specializing in structuring and funding emerging growth companies, primarily in North America. Previously, from 1986 to 1991, Mr. Anthony was the founder of Professional Canadian Investment Group (Procan), a venture capital firm based in Vancouver, British Columbia.

#### Employment Agreements.

Serge Christian Pierre Belamant and Andre Peter Mansvelt. Since Net 1's inception in May 1997, it was decided that no employment agreement would be entered into by Serge Christian Pierre Belamant or the late Andre Peter Mansvelt and Net 1 until the funding necessary to operate the company would be secured. Although that Mr. Belamant continues to perform his duties as the non executive Chairman of Net 1, he has not been remunerated to date in any form whatsoever.

Claude Guerard. Our majority shareholder, Net 1 Holdings S.a.r.l. entered into a consulting and advisory agreement with Mr. Guerard on October 1, 1999. The term of the agreement was to extend from October 1999 to January 2000. The agreement was extended for two further terms to January 2001 and January 2002. Currently, the agreement is on a month-to-month basis. In this agreement, Net 1 Holdings S.a.r.l. agreed to pay Mr. Guerard \$12,500 per month. Mr. Guerard's responsibilities included the restructuring of the company and the general management of the company. Mr. Guerard's contract could be extended at the discretion of the company once we raise the necessary funds to develop our business plan. Effective October 25, 1999 we assumed all liabilities under the agreement through an assignment of the agreement, releasing Net 1 Holdings S.a.r.l. from the liabilities and responsibilities of the agreement. In 2002, we incurred and owe consulting fees totaling \$137,500 and paid \$12,500 to Mr. Guerard under this agreement.

Board Committees: We do not as yet have an audit committee or a compensation committee. However, as and when we elect independent directors, we expect to organize these committees.

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Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to the Company under Rule 16a-3(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") during the fiscal year ended December 31, 2002 and Forms 5 and amendments thereto furnished to the Company with respect to the fiscal year ended December 31, 2002, as well as any written representation from a reporting person that no Form 5 is required, the Company is not aware of any person that failed to file on a timely basis, as disclosed in the aforementioned Forms, reports required by Section 16(a) of the Exchange Act during the fiscal year ended December 31, 2002.

ITEM 10. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth information relating to all compensation awarded to, earned by or paid by us during the last five fiscal years, to: (a) our Chief Executive Officer; and (b) each of our four most highly compensated executive officers:

Name and <u>Principal Position</u>	Fiscal <u>Year</u>	Other <u>Bonus</u>	<u>Salary</u>	Annual <u>Compensation</u>	<u>Options/(#)</u>	All LTIP <u>Payouts</u>	Other <u>Compensation</u>
Serge Belamant, Non-executive							
Chairman	2002						
	2001						
	2000	-	-	-	-	-	-
	1999	-	-	-	-	-	-
	1998	-	-	-	-	-	-
Claude Guerard, CEO & Director							
	2002						
	2001						
	2000	-	-	-	-	-	-
	1999	-	-	-	-	-	-
	1998	-	-	-	-	-	-
David Anthony, Secretary,							
	2002						
	2001						
	2000	-	-	-	-	-	-
Treasurer							
	1999	-	-	-	-	-	-
	1998	-	-	-	-	-	-

OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth information concerning our grant of options to purchase shares of our common stock during the fiscal year ended December 31, 2002 to (a) our Chief Executive Officer; and (b) each of our four most highly compensated executive officers:

Name	Number of Securities Underlying Options/SARs Granted (#)	Percent of Total Options/ SARs Granted To Employees In Fiscal Year	Exercise Or Base Price (\$/Sh)	Expiration Date
------	--	---	--------------------------------------	--------------------

Serge Belamant, Non executive

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Chairman	--	--	--	--
Claude Guerard, CEO & Director	--	--	--	--
David Anthony, Secretary, Treasurer	--	--	--	--

INCENTIVE AND NON-QUALIFIED STOCK OPTION PLAN

None.

OPTION EXERCISES AND HOLDINGS

The following table contains information with respect to the exercise of options to purchase shares of common stock during the fiscal year ended December 31, 2002 to (a) our Chief Executive Officer; and (b) each of our four most highly compensated executive officers:

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercisable Options/SARs At Fy-End (#)	Value of Unexercised In-The-Money Options/SARs At Fy-End (\$)
			Exercisable / Unexercisable	Exercisable / Unexercisable
Serge Belamant, Non-executive Chairman	--	--	--	--
Claude Guerard, CEO and Director	--	--	--	--
David Anthony, Secretary, and Treasurer	--	--	--	--

LONG-TERM INCENTIVE PLANS AWARDS IN LAST FISCAL YEAR

Name	Number of Shares Units or Other Rights (#)	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans		
			Threshold (\$ or #)	Target (\$ or #)	Maximum (\$ or #)
Serge Belamant, Non-executive Chairman	--	--	--	--	--
Claude Guerard, CEO and Director	--	--	--	--	--
David Anthony, Secretary, and Treasurer	--	--	--	--	--

LIMITATION ON LIABILITY AND INDEMNIFICATION MATTERS



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The Florida Business Corporation Act permits the indemnification of directors, employees, officers and agents of Florida corporations. Net 1's Articles of Incorporation and Bylaws provide that Net 1 shall indemnify its directors and officers to the fullest extent permitted by the Corporation Act. Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers or persons controlling Net 1 pursuant to the foregoing provisions, Net 1 has been informed that, in the opinion of the Commission, this indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of February 28, 2003 with respect to:

- each person known to us to be the beneficial owner of more than 5% of our common stock;
- each of our officers and directors; and
- all directors and officers as a group.

This information as to beneficial ownership was furnished to us by or on behalf of the persons named. Unless otherwise indicated, the business address of each person listed is 325-744 West Hastings Street, Vancouver, British Columbia, Canada V6C 1A5. Information with respect to the percent of class is based on 15,852,856 issued and outstanding shares of common stock as of February 28, 2003.

Except as otherwise indicated, to our knowledge, each stockholder has sole power to vote and dispose of all the shares of common stock listed opposite his name.

Name	No. of Shares	Approximate Percentage of Outstanding Shares Beneficially Owned
Net 1 Holdings S.a.r.l.	8,520,578	53.74%
Gemplus SCA	1,521,278	9.59%
Serge Belamant	5,030,813	31.73%
Claude Guerard	608,511	3.83%
David Anthony	0	0%
All Officers and Directors As a Group (3 persons)	5,639,324	35.57%

Net 1 Holdings S.a.r.l., whose address is 6, rue Jean Monnet, L-2180 Luxembourg, is a corporation controlled by Cornet Ltd. (52.7%) and a trust structure of which Serge Christian Pierre Belamant, our non executive Chairman (47.3%) is a beneficiary. Net 1 Holdings owns 55.25% of the issued and outstanding common stock of Net 1. Cornet Ltd. whose address is Westaway Chambers, 39 Don Street, St. Helier, Jersey C.I. JE48UA, is a Jersey corporation controlled by Serge Christian Pierre Belamant and the estate of Andre Peter Mansvelt through trust structures. The 1,521,278 shares of common stock owned by Gemplus SCA is not included in the 8,520,578 shares of common stock owned by Net 1 Holdings S.a.r.l.

Gemplus SCA, whose address is Avenue du Pic De Bertagne, 13884 Gemenos, France, is a French corporation that is the beneficial owner of 1,521,278 (9.75%) shares of common stock of Net 1. Mr. Claude Guerard served as an executive officer of Gemplus from December 1996 to October 1999.

Serge Belamant, whose address is 43 Carlisle Avenue, Hurlingham, Sandton, 2196, South Africa, is the non executive

Chairman of Net 1. He is the beneficial owner of 5,030,813 shares of Net 1's common stock pursuant to direct and indirect shareholdings in Net 1 Holdings S.a.r.l. These shares cannot be voted by Mr. Belamant personally but only by Net 1 Holdings S.a.r.l.

Claude Guerard, whose address is No. 20 Avenue Pozzo Di Borgo, 92210 Saint-Cloud, France, is the CEO and a director of Net 1. He is indirectly the beneficial owner of 608,511 (3.9%) shares of the common stock through Net 1 Holdings S.a.r.l., Cornet Ltd. and a trust structure. The shares may not be voted by Mr. Guerard but only by Net 1 Holdings S.a.r.l.

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## ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We entered into a license agreement, dated May 19, 1997 (the "License Agreement"), with Net 1 Holdings S.a.r.l., Net 1 Operations S.a.r.l. and Net 1 (Pty) (collectively, the "Licensors"), where the licensors granted a non-exclusive license to us for the UEPS technology world-wide except for South Africa and its surrounding territories. On October 1, 1997 an Amendment to the License Agreement was signed that provided for the transfer of the ownership of the UEPS and FTS technology to Net 1 and for the assignment of the Technology License Agreement between Visa International Service Association and Net 1 Holdings S.a.r.l, dated July 31, 1997 (the "Visa Agreement") under certain conditions precedent in consideration for 4,729,612 shares of common stock of the Net 1. The assignment of the Visa Agreement and the transfer of the ownership of the UEPS technology and FTS patents to NET 1 were never consummated because the conditions precedent were never satisfied.

On May 3, 2000 an agreement entitled "Patent and Technology Agreement" was entered into by Net 1 and Net 1 Holdings S.a.r.l. granting Net 1 an exclusive marketing license for the UEPS and FTS technology world-wide except for South Africa and its surrounding territories under terms similar to those stipulated in the Amendment to the License Agreement. No conditions precedent were stipulated. The 4,729,612 shares of common stock of Net 1 previously issued in consideration for the Amendment to the License Agreement were released to Net 1 Holdings S.a.r.l.

In 1998, consulting fees totaling \$102,155 were paid to the President and Director Mr. James Rodgers before his resignation effective August 4, 1998.

In 1998, consulting fees totaling \$65,000 were paid to the Chief Financial Officer Mr. Edwin Austin before his resignation effective August 4, 1998.

In 1999, consulting fees totaling \$ 37,500 were paid to Mr. Claude Guerard, our CEO and one of our directors. Of these fees, \$12,500 was included in accounts payable at December 31, 1999. In 2000, consulting fees totaling \$150,000 were paid to Mr. Guerard. Of these fees, \$25,000 was included in accounts payable at December 31, 2000.

In 2001, Consulting fees totaling \$150,000 were paid to Mr. Guerard.

In 2002, Consulting fees totaling \$12,500 were paid to Mr. Guerard and consulting fees totaling \$137,500 are owed.

On February 26, 2001, the Company signed a one year agreement effective January 1, 2001, with Net 1 Investment Holdings (Pty) Ltd. to provide the Company with marketing, sales, administrative, financial reporting and technical support services at a rate of \$30,000 per month.

On January 29, 2002, pursuant to a Director's Resolution, the above consulting fees and subcontract costs have been postponed until the Company has sufficient funds.

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In October, 2002, a Distribution Agreement between the Company and Net 1 Investment Holdings (Pty) Ltd. was entered into and made effective as at July 1, 2002 which effectively cancelled the Outsourcing Agreement.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

A. EXHIBITS:

EXHIBIT NUMBER	DESCRIPTION
1.	Articles of Incorporation of Net 1 UEPS Technologies, Inc. (1)
2.	Bylaws of Net 1 UEPS Technologies, Inc. (1)
3.	Patent and Technology Agreement, between the Net 1 UEPS Technologies, Inc. and Net 1 Holdings S.a.r.l., dated May 3, 2000. (1)
10.1	Consulting Agreement between Net 1 Holdings S.a.r.l. and Claude Guerard, dated October 1, 1999. (1)
10.2	Assignment of Consulting Agreement between Net Holdings S.a.r.l. ("Assignor") and Net 1 UEPS Technologies, Inc. ("Assignee") dated October 25, 1999. (1)
10.3	Outsourcing Agreement between Net 1 UEPS Technologies Inc. and Net 1 Investment Holdings Ltd. effective as of January 1, 2001.
10.4	Distribution Agreement between Net 1 UEPS Technologies Inc. and Net 1 Investment Holdings (Pty) Ltd. effective as of July 1, 2002.
99.1	Certification of Principal Executive Officer. (2)
99.2	Certification of Principal Accounting Officer. (2)
<hr/>	
(1)	Incorporated by reference to exhibits with the corresponding number filed with our registration statement on Form 10-SB filed August 1, 2000.
(2)	Filed herewith.

B. REPORTS ON FORM 8-K:

One report dated October 10, 2002 on Form 8-K was filed during the last quarter of the period covered by this Report. The report described the revoking of the Company's European patent by the EPO Appeal Board on October 10, 2002.

ITEM 14. CONTROLS AND PROCEDURES Evaluation of disclosure controls and procedures.

Within the 180 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. This

evaluation was done under the supervision and with the participation of the Company's Principal Financial Officer, Mr. David Anthony. Based upon this evaluation, he concluded that the Company's disclosure controls and procedures are effective in gathering, analyzing and disclosing information needed to satisfy the Company's disclosure obligations under the Exchange Act.

Changes in internal controls

There were no significant changes in the Company's internal controls or in other factors that could significantly affect those controls since the most recent evaluation of such controls.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Vancouver, B.C., Canada, on March 27, 2003.

NET 1 UEPS TECHNOLOGIES, INC.

By: /s/ Claude Guerard

Claude Guerard  
Chief Executive Officer and Director

In accordance with the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<u>/s/ Serge Belamant</u> Serge Belamant	Non executive Chairman	March 27, 2003
<u>/s/ Claude Guerard</u> Claude Guerard	Chief Executive Officer and Director	March 27, 2003
<u>/s/ David Anthony</u> David Anthony	Secretary and Treasurer	March 27, 2003

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**Independent Auditors Report**

To the Stockholders and Board of Directors  
of Net 1 UEPS Technologies, Inc.  
(A Development Stage Company)

We have audited the accompanying balance sheets of Net 1 UEPS Technologies, Inc. (A Development Stage Company) as of December 31, 2002 and 2001 and the related statements of operations, shareholders equity and cash flows for the period from May 8, 1997 (Inception) to December 31, 2002 and the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Net 1 UEPS Technologies, Inc. (A Development Stage Company), as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the period from May 8, 1997 (Inception) to December 31, 2002 and the years ended December 31, 2002 and 2001, in conformity with generally accepted accounting principles in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated any revenues or profitable operations since inception. Although the initial absence of

revenues or profitable operations is normal for companies in the development stage, these factors may raise doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result due to going concern uncertainties.

CHARTERED ACCOUNTANTS

Vancouver, Canada

March 21, 2003

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Financial Statements

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**Net 1 UEPS Technologies, Inc.**

*(A Development Stage Company)*

***Balance Sheets***

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Assets

December 31,	
2002	2001
_____	_____

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Current Assets			
Cash	\$	20,054	\$ 57,289
Accounts receivable		91,703	-
Prepaid expenses		-	30,000
<hr/>			
Total Current Assets		111,757	87,289
Property, Plant and Equipment (Note 3)		9	394
Intangible Assets (Note 4)		2,273	3,219
<hr/>			
Total Assets	\$	114,039	\$ 90,902
<hr/>			
<b>Liabilities and Stockholders Deficit</b>			
Current Liabilities			
Accounts payable	\$	337,503	\$ 148,227
Accrued liabilities		10,803	10,000
<hr/>			
Total Current Liabilities		348,306	158,227
Stockholders Deficiency			
Share capital			
Authorized			
3,000,000 preferred shares with \$0.001 par value			
100,000,000 common shares with \$0.001 par value			
Issued			
15,852,856 common shares		15,853	15,853
Additional paid-in capital		1,991,519	1,991,519
Deficit accumulated during the development stage		(2,241,639)	(2,074,697)
<hr/>			
Total Stockholders Deficit		(234,267)	(67,325)
<hr/>			
Total Liabilities and Stockholders Deficit	\$	114,039	\$ 90,902
<hr/>			

(See accompanying notes)

**F2**

**Net 1 UEPS Technologies, Inc.**  
*(A Development Stage Company)*  
**Statements of Operations**

	Years ended December 31,		Accumulation from May 8, 1997 (Inception) to December 31,
	2002	2001	2002
Revenues	\$ 157,565	\$ -	\$ 157,565
Expenses			
Amortization	1,331	2,396	9,200
Bank charges	822	2,906	7,681
Consulting (Note 5)	191,000	186,000	1,020,433
Foreign exchange	-	-	8,098
Investor relations	-	612	61,093
Office, rent and telephone	6,880	4,514	136,159
Professional fees	23,929	49,148	371,908
Subcontract (Note 5)	75,047	356,938	455,972
Transfer agent and regulatory fees	-	378	25,107
Travel	25,606	74,987	304,420
Less interest income	(108)	(284)	(867)
Total Expenses	324,507	677,595	2,399,204
Net Loss	\$ (166,942)	\$ (677,595)	\$ (2,241,639)
Net Loss Per Share	\$ (0.01)	\$ (0.04)	\$
Weighted Average Shares Outstanding	15,853,000	15,853,000	

(Diluted loss per share has not been presented as the result is anti-dilutive)

(See accompanying notes)

### F3

**Net 1 UEPS Technologies, Inc.**  
*(A Development Stage Company)*  
**Statements of Stockholders Equity**



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Common Stock

	Number of Shares	Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total
Initial capitalization (May 8, 1997)					
Stock issued for license to specific technology (Notes 1 & 4)	2,706,122	\$ 2,706	\$ -	\$ -	\$ 2,706
Stock issued to change license to exclusive (Note 1 & 4)	2,364,806	2,365	-	-	2,365
Less cancelled in a subsequent year	(438,694)	(439)	-	-	(439)
Stock issued for cash:					
at \$0.0576 per share	2,600,000	2,600	147,160	-	149,760
at \$6.50 per share	130,500	131	848,119	-	848,250
Net (loss) for the period	-	-	-	(134,729)	(134,729)
<hr/>					
Balance - December 31, 1997	7,362,734	7,363	995,279	(134,729)	867,913
Stock issued for stock split net of shares cancelled	3,510,510	3,510	(3,510)	-	-
Net (loss) for the year	-	-	-	(659,002)	(659,002)
<hr/>					
Balance - December 31, 1998	10,873,244	10,873	991,769	(793,731)	208,911
Net (loss) for the year	-	-	-	(267,161)	(267,161)
<hr/>					
Balance - December 31, 1999	10,873,244	10,873	991,769	(1,060,892)	(58,250)
Stock issued for cash:					
at \$4.00 per share	250,000	250	999,750	-	1,000,000
Stock issued for license (Notes 1 and 4)	4,729,612	4,730	-	-	4,730
Net (loss) for the year	-	-	-	(336,210)	(336,210)
<hr/>					
Balance - December 31, 2000	15,852,856	15,853	1,991,519	(1,397,102)	610,270
Net (loss) for the year	-	-	-	(677,595)	(677,595)
<hr/>					
Balance - December 31, 2001	15,852,856	15,853	1,991,519	(2,074,697)	(67,325)
Net (loss) for the year	-	-	-	(166,942)	(166,942)
<hr/>					
Balance - December 31, 2002	15,852,856	\$ 15,853	\$ 1,991,519	\$ (2,241,639)	\$ (234,267)

(See accompanying notes)

**Net 1 UEPS Technologies, Inc.***(A Development Stage Company)***Statements of Cash Flows**

	<b>Years ended December 31,</b>		<b>Accumulation from May 8, 1997 (Inception) to December 31,</b>
	<b>2002</b>	<b>2001</b>	<b>2002</b>
Cash Flows From Operating Activities			
Net Loss	\$ (166,942)	\$ (677,595)	\$ (2,241,639)
Adjustments to reconcile net loss to cash			
Amortization	1,331	2,396	9,200
Changes in non-cash working capital items			
Increase (decrease) in accounts payable	190,079	(27,125)	348,308
(Increase) in accounts receivable	(91,703)	-	(91,703)
(Increase) decrease in prepaid expenses	30,000	(30,000)	-
<b>Net Cash Used in Operating Activities</b>	<b>(37,235)</b>	<b>(732,324)</b>	<b>(1,975,834)</b>
Cash Flows from Financing Activities			
Proceeds from issuance of common stock	-	-	1,998,010
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>-</b>	<b>1,998,010</b>
Cash Flows to Investing Activities			
(Increase) in property, plant and equipment	-	-	(2,122)
<b>Net Cash Used in Investing Activities</b>	<b>-</b>	<b>-</b>	<b>(2,122)</b>
<b>Increase (Decrease) in Cash in the Period</b>	<b>(37,235)</b>	<b>(732,324)</b>	<b>20,054</b>
Cash - Beginning of Period	57,289	789,613	-
<b>Cash - End of Period</b>	<b>\$ 20,054</b>	<b>\$ 57,289</b>	<b>\$ 20,054</b>
<b>Non-Cash Financing Activities</b>			
9,361,846 shares issued for a license (Note 4)	\$ -	\$ -	\$ 9,362
<b>Supplementary Disclosure</b>			
Interest paid	\$ -	\$ -	\$ -

Income tax paid

- - -

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(See accompanying notes)

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## **Net 1 UEPS Technologies, Inc.**

*(A Development Stage Company)*

*Notes to the Financial Statements*

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### **1. Development Stage Company**

Net 1 UEPS Technologies, Inc. herein (the Company) was incorporated in the State of Florida on May 8, 1997. The Company is a development stage company engaged in the business of commercializing the smart card technology based Universal Electronic Payment System ( UEPS ) and Funds Transfer System ( FTS ) through the development of strategic alliances with national and international bank and card service organizations. The patent rights (or applications for patents) of the UEPS/FTS technology for all worldwide territories (except South Africa and its surrounding territories) are held by Net 1 Holdings S.a.r.l., a company incorporated in Luxembourg ( Net 1 Holdings ). See Note 4 for a discussion on the FTS European patent being revoked.

The Company entered into a license agreement, dated May 19, 1997 (the License Agreement ), with Net 1 Holdings, Net 1 Operations S.a.r.l. and Net 1 Pty (collectively, the Licensors ), where the licensors granted a non-exclusive license to the Company for the UEPS technology for the issuance of 5,412,244 shares at a fair market value of \$0.001 per share. On October 1, 1997 an Amendment to the License Agreement was signed that provided for the transfer of the ownership of the UEPS technology and FTS and for the assignment of the Technology License Agreement between VISA International Service Association and Net 1 Holdings, dated July 31, 1997 (the Visa Agreement ) to the Company in consideration of 4,729,612 shares. The assignment of the Visa Agreement and the transfer of the ownership of the UEPS technology and FTS patents to the Company were never consummated because certain conditions precedent were never satisfied.

On May 3, 2000 an agreement entitled Patent and Technology Agreement was entered into between the Company and Net 1 Holdings that granted the Company an exclusive marketing license for the UEPS technology and the FTS patent for the world excluding South Africa and its surrounding territories under terms similar to those stipulated in the Amendment to the License Agreement. No conditions precedent were stipulated. The 4,729,612 shares of the Company previously issued into trust in consideration for the Amendment to the License Agreement were thus released to Net 1 Holdings.

Net 1 Holdings as at December 31, 2002 owns 8,520,578 common shares of 15,852,856 issued and outstanding common shares, or 54%.

In a development stage company, management devotes most of its activities to establishing a new business primarily, the development of a detailed business plan, marketing strategy and the raising of funds required to develop and operate the business successfully. Planned principal activities have not yet produced revenues and the Company has suffered recurring operating losses as is normal in development stage companies. These factors raise doubt about the Company's ability to continue as a going concern. The ability of the Company to emerge from the development stage with respect to its planned principal business activity is dependent upon its

successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for its products. In order to meet expenses over the next twelve months the Company is actively searching for additional equity financing. For fiscal 2003, the Company will be recording as revenues and receiving \$41,017 from sales of licenses during 2002 in accordance with the Company's revenue recognition policy and the Patent and Technology Agreement.

## 2. Summary of Significant Accounting Policies

### (a) Comprehensive Income

SFAS No. 130, Reporting Comprehensive Income, establishes standards for the reporting and display of comprehensive income and its components in the financial statements. As at October 31, 2002, the Company has no items that represent comprehensive income and, therefore, has not included a schedule of comprehensive income in the financial statements.

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## Net 1 UEPS Technologies, Inc.

*(A Development Stage Company)*

*Notes to the Financial Statements*

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## 2. Summary of Significant Accounting Policies (continued)

### (b) Recent Accounting Pronouncements

On June 29, 2001, SFAS No. 141, Business Combinations, was approved by the Financial Accounting Standards Board (FASB). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Goodwill and certain intangible assets will remain on the balance sheet and not be amortized. On an annual basis, and when there is reason to suspect that their values have been diminished or impaired, these assets must be tested for impairment, and write-downs may be necessary. The Company implemented SFAS No. 141 on July 1, 2001 and its impact is not expected to be material on its financial position or results of operations.

On June 29, 2001, SFAS No. 142, Goodwill and Other Intangible Assets, was approved by FASB. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. SFAS No. 142 requires that the purchase method of accounting be used for all business combinations initiated after December 15, 2001. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. The Company adopted SFAS No. 142 on May 1, 2002 and its impact is not expected to have a material effect on its financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligation. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002, and will require companies to record a

liability for asset retirement obligations in the period in which they are incurred, which typically could be upon completion or shortly thereafter. The FASB decided to limit the scope to legal obligations and the liability will be recorded at fair value. The effect of adoption of this standard on the Company's results of operations and financial positions is being evaluated. In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. It provides a single accounting model for long-lived assets to be disposed of and replaces SFAS No. 121 Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of. The Company adopted SFAS No. 144 on May 1, 2002. The effect of adoption of this standard on the Company's results of operations and financial position is not expected to be material.

In June, 2002, FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The Company will adopt SFAS No. 146 on January 1, 2003. The effect of adoption of this standard on the Company's results of operations and financial position is being evaluated.

FASB has also issued SFAS No. 145, 147 and 148 but they will not have any relationship to the operations of the Company therefore a description of each and their respective impact on the Company's operations have not been disclosed.

(c) Property, Plant and Equipment

Computer equipment is amortized over five years on a straight-line basis.

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**Net 1 UEPS Technologies, Inc.**

*(A Development Stage Company)*

*Notes to the Financial Statements*

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**2. Summary of Significant Accounting Policies (continued)**

(d) Long-Lived Assets

Costs to acquire exclusive license rights to specific technology are considered Long-Lived assets and are capitalized as incurred. These costs are being amortized on a straight line basis over five years. Intangible assets are evaluated in each reporting period to determine if there were events or circumstances which would indicate a possible inability to recover the carrying amount. Such evaluation is based on various analyses including assessing the Company's ability to bring the commercial applications to market, related profitability projections and undiscounted cash flows relating to each application which necessarily

involves significant management judgment.

(e) Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, Earnings per Share (SFAS 128). SFAS 128 requires presentation of both basic and diluted earnings per shares (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is antidilutive.

(f) Foreign Currency Transactions/Balances

Transactions in currencies other than the U.S. dollar are translated at the rate in effect on the transaction date. Any balance sheet items denominated in foreign currencies are translated into U.S. dollars using the rate in effect on the balance sheet date.

(g) 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 periods. Actual results could differ from those estimates.

(h) Tax Accounting

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not.

The Company has adopted Statement of Financial Accounting Standards No. 109 ( SFAS 109 ) as of its inception. The Company has incurred net operating losses as scheduled below:

Year	
of	
Loss	
1997	\$
1998	
1999	
2000	
2001	
2002	

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\$

**Net 1 UEPS Technologies, Inc.***(A Development Stage Company)**Notes to the Financial Statements***2. Summary of Significant Accounting Policies (continued)****(i) Tax Accounting (continued)**

Pursuant to SFAS 109 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefit of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

The components of the net deferred tax asset at the end of December 31, 2002 and 2001, and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are scheduled below:

	2002
	\$
Net Operating Loss	166,297
Statutory Tax Rate	34%
Effective Tax Rate	-
Deferred Tax Asset	56,541
Valuation Allowance	(56,541)
Net Deferred Tax Asset	-

**(j) Revenue Recognition**

The Company receives revenue from Net 1 Holdings from all sales of licenses equal to the Net 1 Holdings annual net profit before amortization as certified by its auditors in its annual financial statement. The Company recognizes revenues from Net 1 Holdings in the period when the audited financial statements of Net 1 Holdings become available. The Company reports the revenue on a net basis as the Company is acting as an agent for Net 1 Holdings in accordance with the Patent and Technology

Agreement dated May 3, 2000.

**3. Property, Plant and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization.

	December 31, 2002			December 31, 2001	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Computer equipment and software	\$ 2,181	\$ 2,172	\$ 9	\$	394

**F9****Net 1 UEPS Technologies, Inc.***(A Development Stage Company)**Notes to the Financial Statements***4. Intangible Assets**

	December 31, 2002			December 31, 2001	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Exclusive License	\$ 9,361	\$ 7,088	\$ 2,273	\$	3,219

See Note 1 for description of the license.

The Funds Transfer System was first patented in South Africa in 1989. The European patent was granted on December 28, 1994, with effect in Austria, Belgium, Switzerland, Germany, Denmark, Spain, France, Great Britain, Greece, Italy, Liechtenstein, Luxembourg, Netherlands and Sweden. The European Patent Convention provides for an opposition period immediately following the grant of a European patent, and six parties filed an opposition to the grant of the patent on the grounds that the invention was not patentable. The case was heard before a Board of the Opposition Division in March 1998, when the patent was upheld in a form slightly different than the original application. Following the issue of the formal decision, a number of the opponents filed an appeal. The appeal proceedings were heard on October 10, 2002 whereby the appeal board reversed its earlier decision. Consequently, the European



patent has been revoked and there is no possibility of any further appeal. As a result, the Company will be unable to collect royalties or fees for patent infringement in Europe.

## 5. Related Party Transactions

- (a) Consulting fees include \$150,000 (2001 - \$150,000) paid or payable to the CEO of the Company.
- (b) Pursuant to a Directors Resolution of January 29, 2002, \$137,500 of consulting fees have been postponed until the Company has sufficient funds.
- (c) Pursuant to the distribution section of the Patent and Technology Agreement, subcontract costs include \$75,047 (2001 - \$356,938) paid to Net 1 Investment Holdings (Pty) Ltd., a company with a common director.
- (d) Under the terms of the Patent and Technology Agreement dated May 3, 2000, the Company recorded revenues of \$157,565 from Net 1 Holdings for sales made during 2001.
- (e) Effective July 1, 2002, the Company entered into a distribution agreement with Net 1 Investment Holdings (Pty) Ltd., which replaces the previous outsourcing agreement contained within the Patent and Technology Agreement. Subcontract costs will now be determined based on a fixed rate of 9.5% of the license fees received. As a condition of this agreement, Net 1 Investment Holdings (Pty) Ltd. received \$50,000 in full settlement of \$154,953 of fees due as at June 30, 2002. The Company wrote off the remaining \$104,953 of the debt as a reduction of subcontract costs in the year.

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## CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Claude Guerard, the principal executive officer of Net 1 UEPS Technologies, Inc., a Florida corporation (the Registrant ), certify that:

1. I have reviewed this annual report on Form 10-KSB for the fiscal year ended December 31, 2002, of the Registrant (the Report ).
2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Report.
3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in the Report.
4. The Registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

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a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the Report is being prepared.

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of the Report (the Evaluation Date); and

c) presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control.

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6. The Registrant's other certifying officers and I have indicated in the Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 27, 2003

/s/ Claude Guerard

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Name: Claude Guerard

Title: Principal  
Executive Officer

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**CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER**

I, David Anthony, the principal financial officer of Net 1 UEPS Technologies, Inc., a Florida corporation (the Registrant), certify that:

1. I have reviewed this annual report on Form 10-KSB for the final year ended December 31, 2002, of the Registrant (the Report).

2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Report.

3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in the Report.

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the Report is being prepared.

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of the Report (the Evaluation Date); and

c) presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

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b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control.

6. The Registrant's other certifying officers and I have indicated in the Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 27, 2003

/s/ David Anthony

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Name: David Anthony

Title: Principal Financial  
Officer

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Exhibit 99.1

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report of Net 1 UEPS Technologies, Inc. (the Company) on Form 10-KSB for the period ending December 31, 2002, as filed with the Securities and Exchange commission on the date hereof (the Report), I, Claude Guerard, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fully presents, in all material respects, the financial condition and results of operations of the Company.

March 27, 2003

By: /s/ Claude Guerard

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Claude Guerard

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Exhibit 99.2

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Annual Report of Net 1 UEPS Technologies, Inc. (the Company) on Form 10-KSB for the period ending December 31, 2002, as filed with the Securities and Exchange commission on the date hereof (the Report), I, David Anthony, Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fully presents, in all material respects, the financial condition and results of operations of the Company.

March 27, 2003

By: /s/ David Anthony

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David Anthony

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