



Net1 Applied Technologies South Africa Limited

(Formerly Newshelf 713 (Proprietary) Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2002/031446/06)

NOTE:

The definitions commencing on page 3 of this prospectus apply to this prospectus in its entirety, including this cover page.

Prospectus

Prepared and issued in terms of the provisions of the Companies Act for purposes of giving information with respect to the private placement to Aplitec shareholders who wish to elect the reinvestment option (as outlined in the circular which forms part of the folder). Accordingly, this prospectus should be read in conjunction with the accompanying circular (addressed to shareholders of Aplitec) as well as the NUEP Offering Document which also forms part of the folder. The offer to elect the reinvestment option will open on 8 June 2004 and close on 25 June 2004.

At the date of this prospectus, the authorised share capital of New Aplitec comprises 473 000 000 New Aplitec A class shares of 0,1 cent each and 330 000 000 New Aplitec B class preference shares of 0,1 cent each. The issued share capital comprises 1 000 New Aplitec A class shares with a par value of 0,1 cent each, all of which are held by the Brait Group.

The Directors, whose names are given in paragraph 16.1 of this prospectus, collectively and individually, accept full responsibility for the accuracy of the information given in this prospectus and certify that, to the best of their knowledge and belief, there are no other facts that have not been disclosed, the omission of which would make any statement contained herein false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this prospectus contains all information required by law.

Fisher Hoffman PKF (Jhb) Inc, whose reports are contained in this prospectus, have given and had not, prior to registration hereof, withdrawn their written consent to the inclusion of their reports in this prospectus in the form and context in which they appear. The corporate advisor, transaction advisor, commercial banker, legal advisor, reporting accountants, auditors, underwriter and transfer secretaries, whose names are included in this prospectus, have given and had not, prior to registration hereof, withdrawn their written consents to the inclusion of their names in the capacities as stated.

The Registrar of Companies has scrutinised the information disclosed in this prospectus and ensured the information disclosed complies with the requirements of the Companies Act. The Registrar of Companies does not express a view on the risk for investors or on the price of the securities. However, the attention of the public is drawn to the fact that the securities to which this prospectus relates are unlisted securities in a public company and consequently should be considered as a risk capital investment. With regard to the election of the reinvestment option, Aplitec shareholders should note that their new investment will have a different risk/reward and liquidity profile to that of their current investment in Aplitec and, accordingly, they should consider the NUEP Offering Document (particularly the "Risk Factors" section) as well. In this regard, Aplitec shareholders should seek the advice of their professional advisors.

An English copy of this prospectus, accompanied by the documents referred to under "Registration of prospectus" in paragraph 23 of this prospectus, was registered by the Registrar of Companies on 13 May 2004, in terms of section 155(1) of the Companies Act.

Corporate advisor**Legal advisor**

PAUL BOTHA INC

Transaction advisor

EY Corporate Finance (Pty) Ltd
(Registration number 2000/031575/07)

Reporting accountants

Fisher Hoffman PKF (Jhb) Inc.

Chartered Accountants (SA)
Registered Accountants and Auditors
(Registration number 1994/001166/21)

Auditors

Deloitte & Touche Chartered Accountants (SA)
Registered Accountants and Auditors

Date of issue: 17 May 2004

Copies of this prospectus can be obtained during normal business hours (between 08:30 and 16:30) on any business day between 17 May 2004 and 25 June 2004 from either the Company's registered office or any of the advisors referred to in the "Corporate information" section of this prospectus.

Corporate information [1(a) and 4]

Registered office [1(a)]

2nd Floor
9 Fricker Road
Illovo Boulevard
Illovo, Sandton, 2196
(Private Bag X1, Northlands, 2116)

Legal advisor [4]

Paul Botha Inc.
(Registration number 1998/002350/21)
23 Lystanwold Drive
Saxonwold
Johannesburg, 2196
(PO Box 411761, Craighall, 2024)

Transfer secretaries [1(a)]

Ultra Registrars (Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Commercial banker [4]

Nedbank Corporate
a division of Nedbank Limited
2nd Floor
Corporate Place Nedcor Sandton
135 Rivonia Road
Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Reporting accountants [4]

Fisher Hoffman PKF (Jhb) Inc.
(Registration number 1994/001166/21)
FHS House
15 Girton Road
Parktown, 2193
(Private Bag X30500, Houghton, 2041)

Secretary [1(a)]

Herman Gideon Kotze
4th Floor, President Place
Corner Jan Smuts Avenue and Bolton Road
Rosebank, 2128
(PO Box 2424, Parklands, 2121)

Corporate advisor

Brait Corporate Finance,
a division of Brait South Africa Limited
(Registration number 1960/003893/06)
2nd Floor
9 Fricker Road
Illovo Boulevard
Illovo, Sandton, 2196
(Private Bag X1, Northlands, 2116)

Transaction advisor

Ernst & Young Corporate Finance (Proprietary) Limited
(Registration number 2000/031575/07)
Wanderers Office Park
52 Corlett Drive
Illovo, Sandton, 2196
(PO Box 2322, Johannesburg, 2000)

Underwriter [4]

Brait Group c/o Brait S.A.
(Registration number B-13861)
180 rue de Aubépines
Luxembourg
L-1145
(Postal address: L-1145, Luxembourg)

Auditors [3]

Deloitte & Touche Chartered Accountants (SA)
The Woodlands
Woodlands Drive
Woodmead
Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)

This prospectus is issued in compliance with the Companies Act. The relevant number of each applicable paragraph of Schedule 3 to the Companies Act is given in parentheses after the appropriate heading of this prospectus.

Table of contents

	<i>Page</i>
Corporate information	Inside front cover
Definitions	3
The business of New Aplitec and the acquisition of Aplitec	9
1. Background	9
2. Incorporation and history	9
3. Nature of business	9
4. Major shareholders	13
Share and loan capital	14
5. Authorised and issued share capital	14
6. Alterations to share capital	16
7. Options or preferential rights in respect of shares	16
8. Adequacy of capital	16
9. Loans and inter-Group finance	17
10. Summary of the capital structure of New Aplitec	18
Financial information	19
11. Profit history	19
12. Dividends	19
13. Material changes	20
14. Commitments, contingent liabilities and taxation considerations	20
15. Subsidiary companies and immovable property leased, acquired or disposed of	20
Directors and senior management	22
16. Directors and senior management	22
17. Service agreements and restraints of trade	24
18. Interests of promoters and directors	25
19. Qualification, remuneration, borrowing powers and appointment of directors	25
20. Amounts paid or payable to promoters and the underwriter	25
General information	26
21. Material contracts	26
22. Litigation statement	26
23. Registration of prospectus	27
24. Code of Corporate Practice and Conduct	27
25. Documents available for inspection	27
26. Paragraphs of Schedule 3 to the Companies Act which are not applicable	28

Annexure 1	Qualification, remuneration, borrowing powers and appointment of Directors	29
Annexure 2	Prospects of the combined group following the implementation of the active transactions	31
Annexure 3	Historical interim financial information relating to the Aplitec Group for the six months ended 31 December 2003	35
Annexure 4	Historical financial information relating to the Aplitec Group for the two years ended 30 June 2003	40
Annexure 5	Historical financial information relating to the Aplitec Group for the three years ended 30 June 2001	57
Annexure 6	Independent reporting accountants' report on the historical financial information of the Aplitec Group	73
Annexure 7	Pro forma consolidated historical financial information in respect of New Aplitec assuming reverse acquisition accounting	75
Annexure 8	Pro forma consolidated historical financial information in respect of New Aplitec assuming fair value accounting	79
Annexure 9	Independent reporting accountants' report on the pro forma consolidated historical financial information of New Aplitec	83
Annexure 10	Salient features of the New Aplitec Participation Trust	85
Annexure 11	Salient features of the Aplitec Holdings Participation Trust	88
Annexure 12	Principal immovable property owned and leased	90
Annexure 13	The reinvestment option	97
Annexure 14	Details of New Aplitec's subsidiary companies	99

Definitions

In this prospectus, unless otherwise stated or the context otherwise requires, a reference to the singular includes the plural and *vice versa*, words denoting one gender include the other, words denoting natural persons include legal persons and associations of persons and *vice versa* and the words in the first column shall have the meaning stated opposite them in the second column:

“A class loans”	A class loans owing by New Aplitec to NUEP;
“active transactions”	collectively, the acquisition, the advance distribution, the delisting and the voluntary winding-up, all of which were approved by Aplitec shareholders at the general meeting;
“acquisition”	the acquisition by New Aplitec from Aplitec of the entire undertaking of Aplitec, which acquisition comprises: <ul style="list-style-type: none">– all of the assets and liabilities of Net1 Investment;– all of the assets and liabilities of Net1 Support, excluding dormant subsidiaries;– all of the shares in and claims on loan account against Cash Paymaster;– all of the shares in and claims on loan account against Net1 Finance;– all of the shares in and claims on loan account against Net1 Southern Africa;– all of the assets and liabilities of Aplitec not acquired above, excluding any dormant subsidiaries of Aplitec and ZAR300 million in cash plus so much extra cash of Aplitec as is equal to 25 cents for each Aplitec ordinary share in respect of which Aplitec shareholders elect the cash option;
“acquisition agreement”	agreement concluded between New Aplitec, Aplitec, Net1 Investment and Net1 Support on 31 October 2003, containing the terms and conditions of the acquisition;
“advance distribution” or “distribution”	cash option or that portion of the reinvestment option to be distributed as an advance liquidation dividend and which will be the only distributions made by Aplitec as further outlined in the circular which accompanies this prospectus as part of the folder;
“Aplitec”	Net1 Applied Technology Holdings Limited (Registration number 1997/007207/06), a public company incorporated in South Africa on 14 May 1997 under the name Javelin Housing (Proprietary) Limited, whose name and status as a private company was changed on 12 September 1997, the shares of which are currently listed on the JSE;
“Aplitec Group”	Aplitec and all its subsidiaries;
“Aplitec Holdings Participation Trust”	Aplitec Holdings Participation Trust, a “STAR” or purpose trust created under Part VIII of the Trust Law (2001 Revision) of the Cayman Islands, the salient features of which are set out in Annexure 11 to this prospectus;
“Aplitec ordinary shares”	ordinary shares of 0,1 cent each in the share capital of Aplitec;
“Aplitec shareholders”	registered holders of Aplitec ordinary shares;

“B class loans”	B class loans owing by New Aplitec to the New Aplitec Participation Trust;
“Board” or “the Directors”	board of directors of New Aplitec, initially being Messrs Chad Leonard Smart (Identity number: 721025 5080 085) and Anthony Charles Ball (Identity number: 581104 5083 081);
“Brait”	Brait S.A., a company incorporated in Luxembourg whose shares are quoted on the Luxembourg and London stock exchanges and the JSE;
“Brait Consortium”	Brait Group and funds under the management of Southern Cross Capital Limited and FF&P Asset Management Limited;
“Brait Group”	Brait and its subsidiary, affiliate and associate companies and/or funds under its management which are funded by South African and USA institutional investors;
“business hours”	between 08:30 and 16:30, on any business day (excluding Saturdays, Sundays and official South African public holidays);
“cash option”	an advance liquidation dividend comprising a cash payment of 500 cents per Aplitec ordinary share to be made to Aplitec shareholders recorded as such in the shareholders’ register of Aplitec on the record date;
“Cash Paymaster”	Cash Paymaster Services (Proprietary) Limited (Registration number 1971/007195/07), a private company incorporated in South Africa and a wholly-owned subsidiary of Aplitec prior to the acquisition;
“cents” or “SA cents”	South African cents;
“CGT”	Capital Gains Tax levied in terms of the Income Tax Act;
“circular”	the circular to Aplitec shareholders dated 17 May 2004, detailing the advance distribution options available to Aplitec shareholders, a copy of which is included in the folder;
“closing date”	the closing date or date for delivery in terms of the relevant agreements but, in any event, no later than Wednesday, 30 June 2004;
“combined group”	NUEP and its subsidiaries (including New Aplitec) which will, following the completion of the active transactions combine all of the FTS patents and the world-wide rights to the UEPS technology into a single group;
“common monetary area”	South Africa; the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	Companies Act, 1973 (Act 61 of 1973), as amended;
“delisting”	the delisting of the Aplitec ordinary shares from the JSE;
“distribution ratio”	the ratio in which the NUEP special convertible preference shares will be distributed on the occurrence of a trigger event, being 0,814286 NUEP special convertible preference shares for every one New Aplitec B class preference share and one New Aplitec B class loan. If, after the closing date, NUEP consolidates or sub-divides the NUEP common stock, the NUEP special convertible preference shares will be consolidated or sub-divided in the same proportion and the distribution ratio shall be adjusted accordingly;
“effective date”	first business day after the date of fulfilment or waiver of the last of the suspensive conditions;

“enforcer”	an individual who or entity which oversees the actions of the trustees of a Cayman trust to ensure compliance with the terms of the trust deed;
“fair value accounting”	where the existing Aplitec shareholders are not deemed to control New Aplitec after the completion of the active transactions through holding neither a majority of voting rights in New Aplitec nor holding the largest block of votes in New Aplitec relative to other parties to the active transactions, fair value accounting applies in terms of SA GAAP, AC 131. In order for the existing Aplitec shareholders not to be deemed to control New Aplitec, less than 77,4% of the Aplitec shareholders would have exercised the reinvestment option. Under fair value accounting, the assets and liabilities of Aplitec that are acquired by New Aplitec are fair valued on acquisition, goodwill arises on the difference between the gross purchase price and the fair value of those assets and liabilities and is recognised as an asset in the balance sheet. The accounting policy adopted by New Aplitec, in line with SA GAAP, is to amortise goodwill over 10 years;
“FTS”	Funds Transfer System technology which: <ul style="list-style-type: none"> – specifies a method by which funds can be transferred from one smart card to another in a secure off-line manner; – manages how cards are loaded and reloaded with funds; and – manages how funds can be redeemed for value in a banking or non-banking environment;
“folder”	the folder which encloses and incorporates the circular, this prospectus and the NUEP Offering Document;
“GAAP”	Statements of Generally Accepted Accounting Practice;
“general meeting”	the general meeting of Aplitec shareholders which was held in the boardroom at 4th Floor, North Wing, President Place, Corner Jan Smuts Avenue and Bolton Road, Rosebank at 10:00 on Tuesday, 9 December 2003;
“Investment Business”	the business of Net1 Investment, the assets and liabilities of which will be purchased by New Aplitec from Aplitec in terms of the acquisition agreement;
“Income Tax Act”	Income Tax Act, 1962 (Act 58 of 1962), as amended;
“JSE”	JSE Securities Exchange South Africa;
“last practicable date”	Tuesday, 11 May 2004, being the last practicable date prior to the finalisation of this prospectus;
“Lux Newco SARL”	NUEP Holdings SARL, a Luxembourg company which name changed from Tabula Holdings Ten SARL on 30 January 2004. NUEP Holdings SARL will be held 100% by NUEP and will hold the intellectual property and contracts acquired in terms of the asset purchase agreement dated 30 January 2004;
“Net1 Finance”	Net1 Finance Holdings (Proprietary) Limited (Registration number 1998/020801/07), a private company incorporated in South Africa and a wholly-owned subsidiary of Aplitec prior to the acquisition;

“Net1 Holdings”	Net1 Holdings SARL (Registration number 14933), a 1929 company incorporated in Luxembourg;
“Net1 Investment”	Net1 Investment Holdings (Proprietary) Limited (Registration number 1995/003030/07), a private company incorporated in South Africa and a wholly-owned subsidiary of Aplitec;
“Net1 Southern Africa”	Net1 Southern Africa (Proprietary) Limited (Registration number 1989/006037/07), a private company incorporated in South Africa and a wholly-owned subsidiary of Aplitec prior to the acquisition;
“Net1 Support”	Net1 Support Services (Proprietary) Limited (Registration number 1997/009292/07), a private company incorporated in South Africa and a wholly-owned subsidiary of Aplitec;
“New Aplitec” or “the Company”	Net1 Applied Technologies South Africa Limited (Registration number 2002/031446/06), a public company initially incorporated in South Africa as a private company under the name Newshelf 713 (Proprietary) Limited, which company was converted to a public company on 13 February 2004;
“New Aplitec A class shares”	ordinary shares of 0,1 cent each in the share capital of New Aplitec;
“New Aplitec B class preference shares”	preference shares of 0,1 cent each in the share capital of New Aplitec;
“New Aplitec Participation Trust”	New Aplitec Participation Trust (Masters reference number IT8094/03), a South African bewind trust;
“NUEP”	Net1 UEPS Technologies, Inc. (IRS Employer Identification No. 65-0903895), a company incorporated in the State of Florida, USA and quoted on the OTC Bulletin Board;
“NUEP common stock”	common stock of 0,1 US cent each in the share capital of NUEP. Common stock is equivalent to ordinary shares in the South African context;
“NUEP Offering Document”	the collective reference to: <ul style="list-style-type: none"> (i) the NUEP proxy statement complying with the US Securities Exchange Act of 1934 as amended, issued to NUEP common stockholders in connection with the NUEP shareholder vote; and (ii) the NUEP prospectus complying with the US Securities Act of 1933, as amended, circulated to Aplitec shareholders in connection with the reinvestment option, a copy of which is included in the folder;
“NUEP special convertible preference shares”	special convertible preferred stock of 0,1 US cent each in the share capital of NUEP;
“OTC Bulletin Board”	a regulated quotation service in the USA that displays real time quotes, last traded prices and volume information on participating over-the-counter securities;
“offer”	offer, or any amendment thereto, by New Aplitec to Aplitec to enter into the acquisition agreement;
“prospectus”	this bound document, including all annexures hereto issued to Aplitec shareholders in terms of section 145 of the Companies Act on 17 May 2004;

“record date”	close of business on Friday, 25 June 2004, being the last day for Aplitec shareholders to be recorded as such in the Aplitec shareholders’ register in order to participate in the advance distribution;
“reinvestment option”	an advance liquidation dividend comprising a cash payment of 190 cents per Aplitec ordinary share and the crediting of a 285 cents investment in New Aplitec via the New Aplitec Participation Trust to reinvesting shareholders registered as such on the record date. In addition to this advance liquidation dividend, reinvesting shareholders will be granted, via the New Aplitec Participation Trust, a right to receive, as fully paid-up, NUEP special convertible preference shares in the distribution ratio in due course as more fully detailed in the circular which accompanies this prospectus in the folder. The reinvestment option has been fixed at an exchange rate of ZAR7 : USD1 which was the exchange rate used to determine the number of NUEP special convertible preference shares to be issued to the Aplitec Holdings Participation Trust;
“reinvesting shareholders”	Aplitec shareholders who elect the reinvestment option and/or the Brait Group, as underwriter;
“reverse acquisition accounting”	where the existing Aplitec shareholders are deemed to control New Aplitec after the completion of the active transactions through holding either a majority of voting rights in New Aplitec or holding the largest block of votes in New Aplitec relative to other parties to the active transactions, reverse acquisition accounting applies in terms of SA GAAP, AC 131. In order for the existing Aplitec shareholders to be deemed to control New Aplitec, at least 77,4% of the Aplitec shareholders would have exercised the reinvestment option. Under reverse acquisition accounting, the assets and liabilities of Aplitec that are acquired by New Aplitec are not fair valued on acquisition, no goodwill arises and any difference between the gross purchase price and the carrying value of those assets and liabilities is recognised as a debit to equity which is, in essence, an advance distribution.
“RLA”	nil paid renounceable letter of allocation issued by New Aplitec to Aplitec and distributed <i>in specie</i> by Aplitec to reinvesting shareholders, which will be deemed to be renounced by reinvesting shareholders in favour of the New Aplitec Participation Trust;
“SA GAAP”	South African GAAP;
“SEC”	The US Securities and Exchange Commission;
“Section 228 circular”	explanatory circular issued to Aplitec shareholders on Monday, 17 November 2003, comprising the circular to Aplitec shareholders and all the annexures and attachments thereto;
“shareholders’ loans”	collectively, the A class loans and B class loans;
“South Africa”	Republic of South Africa;
“STC”	Secondary Tax on Companies levied in terms of the Income Tax Act;
“Support Business”	the business of Net1 Support, the assets and liabilities of which will be purchased by New Aplitec from Aplitec in terms of the acquisition agreement;
“surrounding territories”	the common monetary area, Botswana, Mozambique and Zimbabwe;

“transfer secretaries”	Ultra Registrars (Proprietary) Limited (Registration number 2000/007239/07), a private company incorporated in South Africa;
“trigger event”	a trigger event occurs when a unit holder gives notice to the New Aplitec Participation Trust in writing of his intention to convert some or all of his New Aplitec B class preference shares and B class loans attributable to him held by the New Aplitec Participation Trust. A trigger event also includes: <ul style="list-style-type: none"> – the abolition or relaxation of Exchange Control by the South African Reserve Bank to permit reinvesting shareholders to hold NUEP common stock directly; – the winding-up or placing under judicial management, whether provisionally or finally, of New Aplitec; or – the winding-up or placing under judicial management, whether provisionally or finally, of NUEP;
“trustees”	the trustees for the time being of the New Aplitec Participation Trust;
“UEPS”	Universal Electronic Payment Systems (version 10 and any further releases) which is a suite of computer programmes that incorporates the FTS to deliver a fully integrated payment and settlement system suitable for multiple applications;
“umbrella agreement”	the agreement between the Aplitec Holdings Participation Trust, the New Aplitec Participation Trust, New Aplitec, NUEP and the Brait Group, dated 10 November 2003, governing, <i>inter alia</i> , the constitution and the mechanics of the reinvestment option;
“unit”	a unit in the New Aplitec Participation Trust which unit will be granted to reinvesting shareholders on the basis of one unit per Aplitec ordinary share in respect of which the reinvestment option is elected. Each unit will represent the unit holder’s interest in one New Aplitec B class preference share issued at 183,996 cents per share, one B class loan of 101,004 cents and a right to receive NUEP special convertible preference shares in the distribution ratio in due course;
“unit holder”	an Aplitec shareholder or the Brait Group who will become a beneficiary of the New Aplitec Participation Trust by virtue of his election of the reinvestment option or the underwriting of the reinvestment option, respectively;
“unit statement”	a statement to be issued by the trustees to each unit holder reflecting his interest in the New Aplitec Participation Trust, which statement shall initially be issued upon receipt by the trustees of all relevant completed documentation required in terms of the circular and bi-annually thereafter;
“US Securities Act”	the USA Securities Act of 1933, as amended;
“USA”	United States of America;
“US cents”	USA cents;
“voluntary winding-up”	the winding-up of Aplitec by way of a members’ voluntary winding-up as approved at the general meeting; and
“ZAR”	South African Rand.

The business of New Aplitec and the acquisition of Aplitec

1. BACKGROUND

- 1.1** On Monday, 17 November 2003, Aplitec distributed the section 228 circular to its shareholders relating to the acquisition of the entire undertaking of Aplitec by New Aplitec in terms of section 228 of the Companies Act. On Tuesday, 9 December 2003, Aplitec convened the general meeting at which the resolutions were passed to approve and implement the active transactions.
- 1.2** The acquisition is a significant step in a series of inter-linked transactions designed to combine the businesses of NUEP and the Aplitec Group into a single group structure. A number of agreements, including the acquisition agreement, have been entered into by New Aplitec to give effect to these transactions. Upon completion of the active transactions, NUEP will hold 100% of the New Aplitec A class shares and A class loans.
- 1.3** As a condition of the acquisition, New Aplitec undertook to issue and register this prospectus with the Registrar of Companies and to issue copies of this prospectus and circulate copies of the NUEP Offering Document, included in the folder to Aplitec shareholders. In addition, New Aplitec undertook to make an offer to Aplitec shareholders of the reinvestment option.

2. INCORPORATION AND HISTORY [1(a), 6(a)(i), 6(a)(ii) and 6(a)(iv)]

- 2.1** New Aplitec is a shelf company, having no existing business or management.
- 2.2** The Company was incorporated on 12 December 2002 as Newshelf 713 (Proprietary) Limited with a share capital of ZAR1 000, divided into 1 000 A class par value shares of ZAR1 each.
- 2.3** On 23 October 2003, the Company changed its name to Net1 Applied Technologies South Africa (Proprietary) Limited.
- 2.4** On 13 February 2004, the Company was converted to a public company and its name was changed to Net1 Applied Technologies South Africa Limited.
- 2.5** In order to facilitate the implementation of the active transactions, the share capital of New Aplitec has been altered as follows:
- 2.5.1** on 20 November 2003, the Company increased its share capital to ZAR803 000 by the creation of 472 000 New Aplitec A class shares having a par value of ZAR1 each and 330 000 New Aplitec B class preference shares having a par value of ZAR1 each; and
- 2.5.2** at the same time, the authorised share capital of New Aplitec was sub-divided into 473 000 000 New Aplitec A class shares of 0,1 cent each and 330 000 000 New Aplitec B class preference shares of 0,1 cent each. The issued share capital was sub-divided into 1 000 New Aplitec A class shares.
- 2.6** Further details relating to the share capital are set out in paragraphs 5 and 6 below.

3. NATURE OF BUSINESS [6(b) and 6(d)]

3.1 Aplitec acquisition

- 3.1.1** In terms of the acquisition agreement, New Aplitec will acquire the following assets and liabilities from Aplitec with effect from the effective date:
- all of the assets and liabilities of Net1 Investment;
 - all of the assets and liabilities of Net1 Support, excluding dormant subsidiaries;

- all of the shares in and claims on loan account against Cash Paymaster;
- all of the shares in and claims on loan account against Net1 Finance;
- all of the shares in and claims on loan account against Net1 Southern Africa; and
- all of the assets and liabilities of Aplitec not acquired above, excluding any dormant subsidiaries of Aplitec and ZAR300 million in cash plus so much extra cash of Aplitec as is equal to 25 cents for each Aplitec ordinary share in respect of which Aplitec shareholders elect the cash option.

3.2 Rationale for the acquisition

- 3.2.1** Aplitec owns the exclusive rights to market and sell the UEPS technology and the right to licence the FTS patent in South Africa and its surrounding territories.
- 3.2.2** NUEP owns the exclusive rights to market and sell the UEPS technology in the rest of the world excluding South Africa and its surrounding territories and the right to licence the use of the USA FTS patent.
- 3.2.3** During the last five years, Aplitec has implemented numerous UEPS systems in South Africa and its surrounding territories. As a result, Aplitec has developed the unique skills required to successfully perform UEPS implementations and to develop business plans that ensure the financial success of these initiatives. Aplitec has continued to develop the UEPS and derivative applications that meet the needs of both its customers and its own business ventures. Over the last two years, Aplitec has exported some of these applications to countries outside its designated territory under a distribution agreement with NUEP.
- 3.2.4** Since Aplitec's listing in October 1997, NUEP has been unable to raise sufficient capital to implement its business model as most potential clients or investors require, as proof of concept, at least one successful implementation. NUEP therefore entered into a distribution agreement with Net1 Investment, which appointed it as NUEP's UEPS integrator for all territories, excluding South Africa and its surrounding territories.
- 3.2.5** To address the conflict of interest between Aplitec and NUEP, Aplitec's management analysed a number of alternative solutions.
- 3.2.6** Aplitec's management concluded that the most acceptable model to all stakeholders would entail that the future potential benefit of the technology would accrue fairly between the two groups. This could only be achieved by effectively merging the two entities in a way in which all existing shareholders could participate and thus be on an equal footing.
- 3.2.7** The acquisition is a significant step in a series of inter-linked transactions as detailed in the Section 228 circular and the circular, that will have the effect of creating a global group positioned to develop the UEPS and FTS technologies on a world-wide basis by combining the rights to the technologies held by Aplitec and NUEP.
- 3.2.8** As a result, the business plans of Aplitec and NUEP will be combined into a model that will maximise short, medium and long-term profitability. Further details of the combined group business plan are set out in Annexure 2 to this prospectus.

3.3 Purchase price [11 and 15]

- 3.3.1** The net purchase price for the acquisition is ZAR825 641 638,25.
- 3.3.2** The net purchase price together with the cash retained in Aplitec as per paragraph 3.1.1 above will result in a distribution, in the form disclosed in paragraph 3.3.4 below, to Aplitec shareholders of:
- 500 cents per Aplitec ordinary share in respect of those Aplitec shareholders who elect the cash option; or
 - 475 cents per Aplitec ordinary share in respect of those Aplitec shareholders who elect the reinvestment option.

3.3.3 In terms of the acquisition agreement, New Aplitec will assume all liabilities of the Aplitec Group and will also bear all costs of the active transactions. STC, CGT and liquidation costs of the active transactions are estimated at ZAR79,6 million. Direct costs of this prospectus are estimated at ZAR1 million, which costs relate to the preparation, printing and publication of this prospectus and all requisite payments to regulatory authorities.

3.3.4 The net purchase price is payable on the closing date and will be distributed to Aplitec shareholders as an advance distribution, as follows:

- the cash option of 500 cents in cash per Aplitec ordinary share; or
- the reinvestment option of 190 cents in cash per Aplitec ordinary share and an investment in New Aplitec in the form of an RLA representing an interest in New Aplitec B class preference shares and B class loans held by the New Aplitec Participation Trust. In addition to this advance liquidation dividend, reinvesting shareholders will be granted, via the New Aplitec Participation Trust, the right to receive, for no additional consideration, NUEP special convertible preference shares in the distribution ratio upon the occurrence of a trigger event. Further details on the reinvestment option are set out in Annexure 13 to this prospectus.

3.4 New Aplitec's funding of the purchase price [11]

3.4.1 NUEP's capitalisation of New Aplitec

3.4.1.1 In order to fund the acquisition, NUEP will subscribe for 170 647 911 New Aplitec A class shares at a par value of 0,1 cent and a premium of 33,568 cents pursuant to the terms of a subscription agreement entered into between NUEP and New Aplitec.

3.4.1.2 In addition, NUEP will advance A class loans of 101,004 cents per New Aplitec A class share resulting in a loan to capitalisation ratio of 3 : 1.

3.4.1.3 This will result in NUEP capitalising New Aplitec in the amount of ZAR229,8 million split between equity of ZAR57,4 million and A class loans of ZAR172,4 million.

3.4.1.4 NUEP will hold 100% of the New Aplitec A class shares and A class loans issued on the closing date.

3.4.2 The New Aplitec Participation Trust's capitalisation of New Aplitec

3.4.2.1 As part of the reinvestment option, the trustees have entered into a subscription agreement with New Aplitec. In terms of the agreement, the New Aplitec Participation Trust will receive one New Aplitec B class preference share and one B class loan for every Aplitec ordinary share in respect of which the Aplitec shareholders exercise the reinvestment option and/or the Brait Group underwrites the reinvestment option.

3.4.2.2 As a result, New Aplitec will issue 236 977 187 New Aplitec B class preference shares at a par value of 0,1 cent and a premium of 183,896 cents per New Aplitec B class preference share to the New Aplitec Participation Trust and will credit that trust with B class loans in the sum of 101,004 cents per New Aplitec B class preference share in New Aplitec's books credited as fully paid-up.

3.4.2.3 New Aplitec will receive a capital injection of ZAR675,4 million split between equity of ZAR436,0 million and B class loans of ZAR239,4 million.

3.4.2.4 The New Aplitec Participation Trust will hold 100% of the New Aplitec B class preference shares and B class loans issued on the closing date.

3.4.3 On the bases of the subscriptions made by NUEP and the New Aplitec Participation Trust for both equity and loan capital (as outlined in paragraphs 3.4.1 and 3.4.2 above), New Aplitec will be capitalised in the amount of ZAR905,2 million, further details of which are summarised in paragraph 10 below.

3.5 New Aplitec following the acquisition

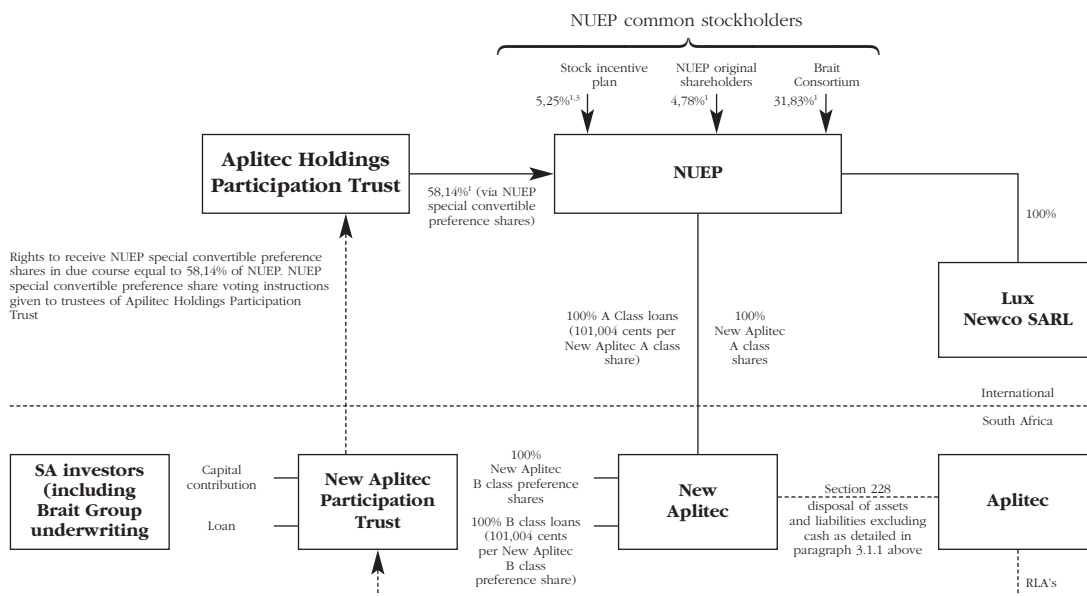
3.5.1 Following the implementation of the acquisition, New Aplitec will comprise a company whose subsidiaries and businesses employ specialised smart card technologies to add efficiency to a myriad of commercial activities requiring money transfers, payment systems and other electronic data applications. The various subsidiaries and businesses will comprise:

- the Support Business which will provide technical, operational and general management services to the companies and businesses within New Aplitec;
- the Investment Business which will provide integrated software and hardware services;
- the transaction-based business which will be conducted through Cash Paymaster and its underlying subsidiaries which are involved in the administration, management and payment of social welfare grants and handle the payment of pensions on behalf of the Government in five of the nine provinces of South Africa;
- the financial services business which will be conducted through Net1 Finance which holds a 100% interest in Moneyline Financial Services (Proprietary) Limited and in New World Finance (Proprietary) Limited, both high-street micro-lending businesses, operating more than 100 branches nationally. Net1 Finance also holds 100% of Milpay Pay System (Proprietary) Limited and Friedland 020 Investments (Proprietary) Limited, which develop, market and licence administrative and payment solutions for the micro-finance industry. Friedland 035 Investments (Proprietary) Limited, trading as Age Secure, provides financial services to pensioners through New Aplitec’s proprietary smart card platform; and
- the technology sales and outsourcing business which will be conducted through Net1 Southern Africa which provides consulting and software development and maintenance services and distributes smart cards, electronic credit card and smart card recognition devices.

3.6 Group structure

3.6.1 Upon completion of the active transactions, NUEP will hold 100% of the New Aplitec A class shares and A class loans.

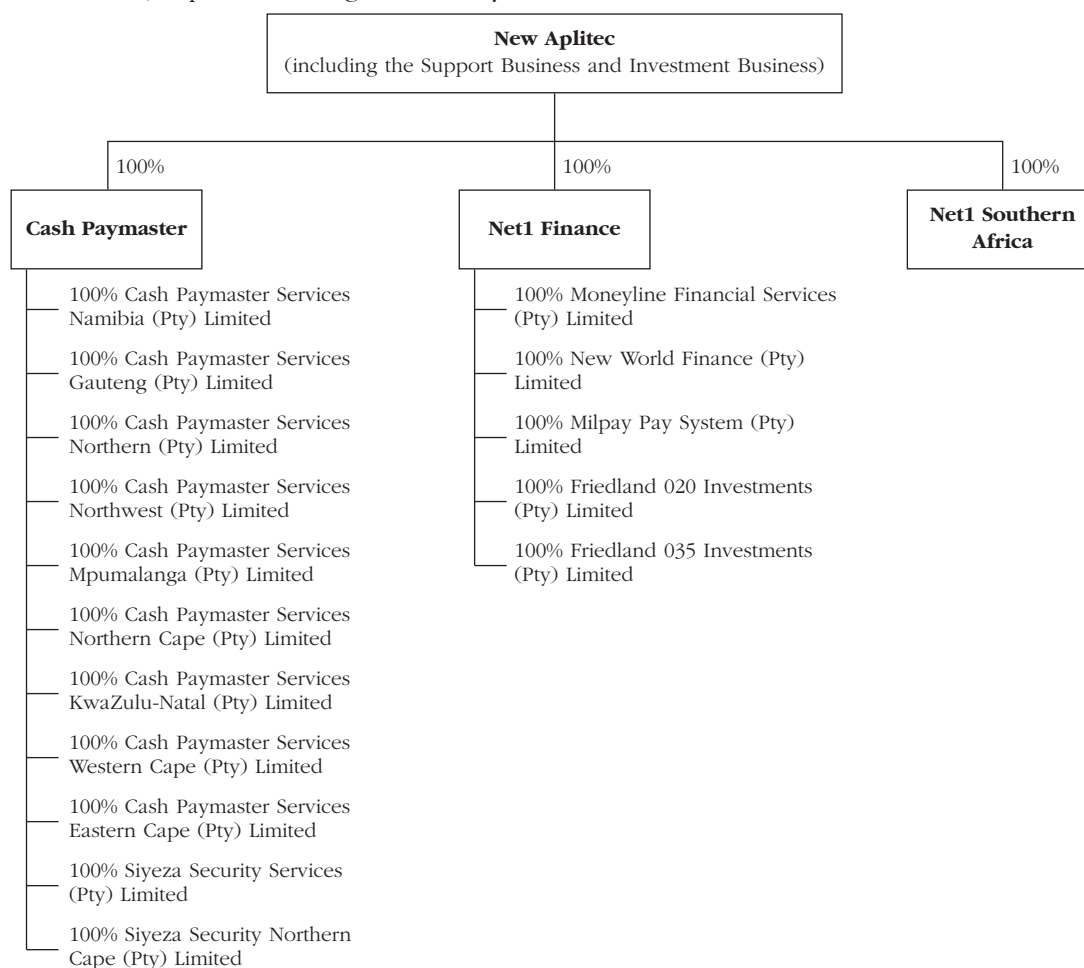
3.6.2 The overall ownership structure of New Aplitec and NUEP, following the implementation of the active transactions, is presented diagrammatically below:



Notes:

1. Effective equity interest, post conversion of NUEP special convertible preference shares.
2. The reinvestment option has been fixed at an exchange rate of ZAR7 : USD1, which is the exchange rate used for determining the number of NUEP special convertible preference shares issued to the Aplitec Holdings Participation Trust.
3. A total of 5,25% will be allocated to management of Aplitec through a stock incentive plan, to be established in due course (see paragraph 17.3 and 17.4 below).

3.6.3 The underlying operating structure of New Aplitec, following the implementation of the active transactions, is presented diagrammatically below:



3.7 Prospects [6(i)]

The Board believes that the active transactions will maximise the opportunities for the technology to be utilised on a world-wide basis for the benefit of all stakeholders. Further details relating to the prospects of the combined group following the implementation of the active transactions are set out in Annexure 2 to this prospectus.

4. MAJOR SHAREHOLDERS

- 4.1** New Aplitec is presently 100% owned by the Brait Group, which will continue to hold the entire issued share capital of New Aplitec until the acquisition is implemented.
- 4.2** As part of the active transactions, the Brait Group shall transfer to NUEP all of the New Aplitec A class shares held by it in New Aplitec, in consideration for the par value thereof, and the Brait Group has undertaken to promptly do all such things and sign all such documents as may be necessary to expeditiously effect such transfer.
- 4.3** As part of the active transactions, NUEP will raise USD52,8 million from the Brait Consortium through the issue of 105 661 428 shares of NUEP common stock at a price of 50 US cents per share. NUEP will use a portion of these proceeds to capitalise New Aplitec with ZAR229,8 million through the subscription for New Aplitec A class shares and the extension of A class loans. This will result in 170 647 911 New Aplitec A class shares being issued to NUEP. NUEP will hold 100% of the New Aplitec A class shares on completion of the active transactions.
- 4.4** As part of the reinvestment option, the New Aplitec Participation Trust will subscribe for New Aplitec B class preference shares and extend B class loans to New Aplitec. As the reinvestment option is underwritten by the Brait Group, 236 977 187 New Aplitec B class preference shares will be issued. The New Aplitec Participation Trust will hold 100% of these New Aplitec B class preference shares at the closing date.
- 4.5** On the completion of the active transactions, NUEP will hold 100% of the New Aplitec A class shares and the New Aplitec Participation Trust will hold 100% of the New Aplitec B class preference shares.

Share and loan capital

5. AUTHORISED AND ISSUED SHARE CAPITAL [8(a), 8(c) and 20(a)]

5.1 The authorised share capital of New Aplitec consists of ZAR803 000 divided into:

- 473 000 000 New Aplitec A class shares of 0,1 cent each;
- 330 000 000 New Aplitec B class preference shares of 0,1 cent each.

5.2 The issued share capital of New Aplitec, prior to the active transactions being implemented, consists of 1 000 New Aplitec A class shares of 0,1 cent each.

5.3 Unissued shares under control of Directors

New Aplitec's authorised but unissued shares are under the control of the Directors, for, *inter alia*, the purposes of allotting and issuing the same, subject to the provisions of sections 221 and 222 of the Companies Act.

5.4 Salient terms of the New Aplitec A class shares and New Aplitec B class preference shares

New Aplitec has two classes of shares:

- New Aplitec A class shares; and
- New Aplitec B class preference shares.

5.4.1 There is no economic implication resulting from the distinction between the above classes of shares.

5.4.2 The New Aplitec A class shares will, on completion of the active transactions, constitute 41,86% of the entire issued share capital of New Aplitec and will carry the usual rights attaching to ordinary shares.

5.4.3 The New Aplitec B class preference shares will, on completion of the active transactions, constitute 58,14% of the entire issued share capital of New Aplitec and will rank *pari passu* with the New Aplitec A class shares in respect of participation in dividends and return of capital prior to the winding-up of New Aplitec. The New Aplitec B class preference shares shall not, however, participate in dividends or a return of capital on a winding-up of New Aplitec for any reason. However, the unit holders will participate, as the New Aplitec B class preference shares will automatically convert into NUEP common stock on a winding-up of New Aplitec as described in paragraph 5.8 below.

5.4.4 The New Aplitec B class preference shares will carry voting rights in respect of those matters that affect the rights attaching to such preference shares and their right to receive dividends.

5.4.5 The New Aplitec B class preference shares cannot be sold or transferred other than to NUEP pursuant to the occurrence of a trigger event. Therefore, the New Aplitec B class preference shares, the B class loans and the rights to receive the NUEP special convertible preference shares are linked together and cannot be traded separately.

5.5 Variation of rights in shares and corresponding structure of the New Aplitec Participation Trust

5.5.1 Any variation of rights attaching to the Company's authorised and issued shares will require the consent of shareholders in a general meeting in accordance with the articles of association of New Aplitec.

5.5.2 The unit holding structure of the New Aplitec Participation Trust will at all times reflect the share capital structure of the New Aplitec B class preference shares in order to ensure that all unit holders are treated equitably.

5.5.3 Salient features of the New Aplitec Participation Trust are set out in Annexure 10 to this prospectus.

5.6 Voting rights

5.6.1 With regard to holders of New Aplitec A class shares, at any general meeting, every member present in person or by proxy (or, if a body corporate, duly represented by an authorised representative) shall have one vote on a show of hands. On a poll, every member present in person or by proxy shall have one vote for each share of the class of which he is the holder.

5.6.2 With regard to holders of New Aplitec B class preference shares:

5.6.2.1 at any meeting of the Company, New Aplitec B class preference shareholders will only be entitled to vote on matters which directly affect the rights attaching to the New Aplitec B class preference shares, the interests of the New Aplitec B class preference shareholder (including dividend declarations on any class of shares as required by the Exchange Control Department of the South African Reserve Bank), payment of interest and capital on the B class loans, the disposal of intellectual property (as required by the Exchange Control Department of the South African Reserve Bank), the winding-up of the Company, the reduction of its share capital or share premium account, the repayment or distribution of the share premium or non-distributable reserves of the Company or the issue of capitalisation shares. The matters on which New Aplitec B class preference shareholders can vote or make an election will be communicated to unit holders by the trustees. The elections or votes of the unit holders on these matters will be collated and subsequently communicated by the trustees to the Company; and

5.6.2.2 at every general meeting of the Company at which more than one class of shareholders are present and entitled to vote, unit holders of the New Aplitec Participation Trust which in turn holds the New Aplitec B class preference shares, shall be entitled, upon a poll, to that proportion of the total votes in the Company which the aggregate number of New Aplitec B class preference shares held bears to the aggregate number of all shares entitled to be voted at such meeting (provided that no resolution for the declaration of a dividend or for the disposal of any intellectual property of the Company shall be passed unless unit holders representing 50,1% of the New Aplitec B class preference shares present at the meeting in person or represented by proxy vote in favour of such resolution).

5.6.3 In terms of the umbrella agreement, when New Aplitec convenes a meeting of its shareholders, it will notify the New Aplitec Participation Trust in its capacity as the holder of the New Aplitec B class preference shares. The New Aplitec Participation Trust will, in turn, inform its unit holders of the meeting and the reasons thereof and will distribute forms of proxy to them. Those unit holders who wish to vote the New Aplitec B class preference shares attributable to their units will complete the forms of proxy and forward them to the trustees. The trustees will, in turn, lodge proxies at the New Aplitec meeting to vote the New Aplitec B class preference shares in the manner instructed by its unit holders.

5.7 Entitlement to dividends

5.7.1 In accordance with the Company's articles of association, if New Aplitec declares a dividend, only such members that are registered in the Company's register on the day when the dividend is declared or such other day as may be determined by the Board as the last date for registration for the dividend, will be entitled to receive the dividend so declared.

5.7.2 New Aplitec's dividend policy is set out in paragraph 12 below.

5.8 Conversion into NUEP common stock and realisation of NUEP common stock

Upon the occurrence of a trigger event, the trustees of the New Aplitec Participation Trust will notify the Aplitec Holdings Participation Trust of such event. The Aplitec Holdings Participation Trust will then distribute to the New Aplitec Participation Trust that number of NUEP special convertible preference shares to which it is entitled in accordance with the distribution ratio. The New Aplitec

Participation Trust will then transfer the NUEP special convertible preference shares and cede the proportionate number of New Aplitec B class preference shares and B class loans to NUEP in exchange for NUEP common stock. The conversion ratio for this exchange is one NUEP common stock for each NUEP special convertible preference share surrendered by the New Aplitec Participation Trust.

Following this conversion, the New Aplitec Participation Trust will hold the NUEP common stock pending sale instructions from the unit holder (i.e. the reinvesting shareholder) who must sell the NUEP common stock within 12 months after the conversion to comply with Exchange Control approval for the active transactions, if such unit holder is a South African resident. If sale instructions are not received within 12 months of the conversion date, the trustees will place the shares of NUEP common stock with a broker for sale at the best price on the 365th day or the nearest business day thereto. Upon receipt of the proceeds in South Africa, the trustees will distribute the proceeds, net of all costs including applicable brokerage costs, to the unit holder. Thereafter, the units will be cancelled. A non-resident unit holder of the New Aplitec Participation Trust is not obliged to sell his portion of the NUEP common stock within the 12-month period after conversion.

6. ALTERATIONS TO SHARE CAPITAL [6(a)(ii) and 20(a)]

- 6.1** As at the date of incorporation, New Aplitec's authorised share capital comprised of 1 000 New Aplitec A class shares of ZAR1 each and New Aplitec's issued share capital comprised of 1 New Aplitec A class share of ZAR1.
- 6.2** On 20 November 2003, the authorised share capital was increased to ZAR803 000 by the creation of 472 000 New Aplitec A class shares having a par value of ZAR1 each and 330 000 New Aplitec B class preference shares having a par value of ZAR1 each.
- 6.3** On 20 November 2003, the authorised share capital was sub-divided into 473 000 000 New Aplitec A class shares of 0,1 cent each and 330 000 000 New Aplitec B class preference shares of 0,1 cent each. The issued share capital was simultaneously sub-divided into 1 000 New Aplitec A class shares.
- 6.4** Details of, *inter alia*, the capital structure of New Aplitec post implementation of the active transactions, are outlined in paragraph 10 below.

7. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES [10]

- 7.1** In terms of the underwriting agreement, the Brait Group will, at no cost to New Aplitec, take up the non-cash portion of the reinvestment option in place of Aplitec shareholders to the extent that Aplitec shareholders elect the cash option up to a maximum of ZAR437,0 million, which is the equivalent of 64,7% of the reinvestment option.
- 7.2** Other than the underwriting agreement, there is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be granted to any person to subscribe for any New Aplitec A class shares or New Aplitec B class preference shares.

In lieu of receiving a cash payment with respect to the capital raising fee of USD3.73 million and corporate finance fee of ZAR1,15 million (adjusted from ZAR0,85 million disclosed in the Section 228 circular in accordance with the mandate between NUEP and the Brait Group), the Brait Group has the option of receiving part of its fee in the form of NUEP common stock, to be issued at a price of 50 US cents per share, up to a maximum of 5 million shares with the balance to be received in cash.

8. ADEQUACY OF CAPITAL [22]

- 8.1** The Directors are of the opinion that the issued share capital of New Aplitec will be adequate for the purposes of the business of New Aplitec, both prior to and after the acquisition for the foreseeable future, which has been framed to cover the 18-month period immediately following the issue of this prospectus.

8.2 The Directors are furthermore of the opinion that New Aplitec's working capital resources will be adequate for its current and foreseeable future requirements. The Company has a working capital facility of ZAR450 million in place from Nedbank Limited, should it require working capital finance at any time.

9. LOANS AND INTER-GROUP FINANCE [2(e) and 9(a)]

9.1 As New Aplitec is a recently incorporated company, its borrowing powers have never been exceeded. Salient details of New Aplitec's borrowing powers are outlined in Annexure 1 to this prospectus.

9.2 The Directors may in their discretion, from time to time, raise or borrow from the members or other persons any sums of money for the purposes of New Aplitec without limitation. The Directors may secure the payment or repayment of any sums of money borrowed or raised in terms of the foregoing or the payment of any debt, liability or obligation whatsoever of New Aplitec or a third party, in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the execution of bonds or the issue of debentures or debenture stock of New Aplitec charged upon all or part of the property and rights of New Aplitec, both present and future, including its uncalled capital but subject to the control of NUEP.

9.3 Save with the exception of the shareholders' loans extended to acquire the entire undertaking of Aplitec, referred to in, *inter alia*, paragraphs 3.4, 9.4 and 10 of this prospectus, none of the companies in the Aplitec Group have made or have received any material loans, other than in the ordinary course of business.

9.4 New Aplitec will, subject to the implementation of the active transactions, have the following material loans in place:

- A class loans extended by NUEP of ZAR172,4 million; and
- B class loans extended by the New Aplitec Participation Trust of ZAR239,4 million.

These A class loans and B class loans will:

- be unsecured;
- be denominated in ZAR;
- rank *pari passu* with one another;
- be repaid *pro rata*;
- be repayable to NUEP and the New Aplitec Participation Trust as and when directed by the Board, provided that no capital under the loans shall be repayable until at least 30 days have elapsed from the date of drawdown of the loans. The loans can only be repaid upon receipt of the Exchange Control Department of the South African Reserve Bank's prior written approval for the repayment of the capital under the loans; and
- bear interest at such rates as may be determined by the Board annually in advance, but which shall not be more than the prime rate as quoted by The Standard Bank of South Africa Limited from time to time.

9.5 New Aplitec has not entered into any off-balance sheet financing arrangements as at the date of issue of this prospectus.

9.6 Details of, *inter alia*, the loan structure of New Aplitec post implementation of the active transactions are outlined in paragraph 10 below.

10. SUMMARY OF THE CAPITAL STRUCTURE OF NEW APLITEC

The capital structure of New Aplitec, which will result following implementation of the active transactions, is as follows:

	Number of shares issued	Percentage of total issued share capital	Par value (ZAR)	Share premium (ZAR)	Total value (ZAR)
New Aplitec A class shares (held 100% by NUEP)	170 647 911	41,86	170 648	57 283 101	57 453 749
A class loans					172 361 248
					229 814 997
New Aplitec B class preference shares (held 100% by Aplitec reinvesting shareholders/Brait Group)	236 977 187	58,14	236 977	435 791 524	436 028 501
B class loans					239 356 482
					675 384 983
	407 625 098	100,00	407 625	493 074 625	905 199 980

Financial information

11. PROFIT HISTORY [6(f), 6(g), 25, 29 and 30]

11.1 Historical financial information on New Aplitec

As New Aplitec has no operating history, there is no historical financial information relating directly to it.

However, since the business of New Aplitec will be substantially the same as that of Aplitec following the completion of the active transactions, consolidated historical financial information relating to Aplitec in respect of its interim results for the six months ended 31 December 2003 and most recent five financial years is shown in Annexures 3, 4 and 5 to this prospectus. The independent reporting accountants' report on this information is included in Annexure 6 to this prospectus.

11.2 Pro forma consolidated historical financial information in respect of New Aplitec

Pro forma consolidated historical financial information in respect of New Aplitec for the six months ended 31 December 2003 is set out in Annexures 7 and 8 to this prospectus and recognises the effect of the cash which will be retained in Aplitec in terms of the acquisition agreement.

The aforementioned pro forma consolidated historical financial information has been prepared for illustrative purposes only and sets out the financial results of the operations as well as the financial position of New Aplitec on the assumption that the acquisition took place on 1 July 2003 for income statement purposes and 31 December 2003 for balance sheet purposes.

The independent reporting accountants' report on the pro forma consolidated historical financial information of New Aplitec is set out in Annexure 9 to this prospectus.

12. DIVIDENDS [6(f)]

12.1 As New Aplitec has no operating history it has never declared a dividend.

12.2 Aplitec declared dividends in respect of its June 1999, June 2002 and June 2003 financial years, comprising 1,5 cents per Aplitec ordinary share, 11,0 cents per Aplitec ordinary share and 15,0 cents per Aplitec ordinary share, respectively. As a result of the financial structure adopted by New Aplitec (further details of which are outlined in paragraph 3.4 above) for the acquisition, no dividends will be declared until all the shareholders' loans have been repaid, as provided below.

12.3 Subject to paragraphs 12.4 and 12.6 below, the New Aplitec B class preference shares will receive dividends from New Aplitec on the same basis as the New Aplitec A class shares and *pro rata* to the New Aplitec A class shares. No dividend can be declared to the New Aplitec A class shareholders without New Aplitec declaring a *pro rata* dividend to the New Aplitec B class preference shareholders.

12.4 A *pro rata* portion of any dividends, A class loan repayments and interest thereon, declared and paid by New Aplitec will be received by NUEP (as a result of its holding of New Aplitec A class shares) which will, in turn, immediately declare and pay a dividend to its holders of common stock. As the New Aplitec Participation Trust would directly receive a share of any dividend, B class loan repayments and interest thereon paid by New Aplitec on the New Aplitec B class preference shares and B class loans, the NUEP special convertible preference shares will not participate in any dividends, loan repayments and interest from New Aplitec that are in turn declared as dividends and paid by NUEP.

12.5 Without the approval of holders of units representing a majority of the New Aplitec B class preference shares, New Aplitec may not declare any dividends.

12.6 Dividends payable by NUEP out of profits from any source, other than New Aplitec, will be paid to all the shareholders of NUEP including the holders of NUEP special convertible preference shares and holders of NUEP common stock. The Aplitec Holdings Participation Trust will receive the dividends

payable on the NUEP special convertible preference shares and will promptly pay the amounts received to the trustees of the New Aplitec Participation Trust, on behalf of unit holders, who are beneficiaries of the New Aplitec Participation Trust which will be distributed *pro rata*, based on their respective number of units in the New Aplitec Participation Trust.

13. MATERIAL CHANGES [6(d) and 31]

As a recently incorporated shelf company there have been no material changes to the business of New Aplitec since its incorporation, other than those outlined in this prospectus.

14. COMMITMENTS, CONTINGENT LIABILITIES AND TAXATION CONSIDERATIONS [6(e) and 6(a)]

14.1 Capital commitments

New Aplitec will, following the completion of the active transactions, have purchased the entire undertaking of Aplitec, as a consequence of which New Aplitec will assume the capital commitments of the Aplitec Group which commitments comprise those pertaining to Aplitec's entire business. Details of such commitments are set out in the historical financial information on Aplitec as outlined in Annexures 3, 4 and 5 to this prospectus.

14.2 Contingent liabilities

At the date of this prospectus, the Directors are not aware of any material claims against New Aplitec which have not been provided for, other than any claim that may arise as a result of the indemnification detailed in paragraph 22.3 below.

14.3 Taxation considerations

14.3.1 Personal taxation considerations

Shareholders are advised to consult their professional tax advisors about their personal tax position regarding the receipt of the advance distribution and reinvestment option.

14.3.2 NUEP taxation considerations

There is no statutory, judicial or administrative authority that directly addresses the tax treatment of non-USA holders who elect to receive units in a trust representing beneficial interests in New Aplitec B class preference shares and B class loans issued by New Aplitec pursuant to the reinvestment option. NUEP believes that these interests should be treated for USA federal income tax purposes (and NUEP intends to treat them) as separate and distinct interests in New Aplitec. As such, NUEP and its affiliates do not intend to withhold any amounts for USA federal taxes in respect of such interests.

There is a risk, however, that these interests, together with the NUEP special convertible preference shares, will be treated as representing a single direct equity interest in NUEP for USA federal income tax purposes. In such case, distributions received from NUEP with respect to the New Aplitec B class preference shares and B class loans could be subject to USA federal withholding tax. Should non-USA holders fail to pay the USA federal tax associated with such distributions, NUEP may be liable for such taxes in its capacity as withholding agent. In addition, NUEP's failure to collect and remit USA federal withholding tax may also subject it to penalties.

15. SUBSIDIARY COMPANIES AND IMMOVABLE PROPERTY LEASED, ACQUIRED OR DISPOSED OF [6(c) and 6(e)(i)]

15.1 Leases [6(c)]

New Aplitec does not currently have any lease agreements. Following completion of the active transactions, New Aplitec's lease arrangements in respect of immovable property will be as set out in Annexure 12 to this prospectus.

15.2 Acquisitions and proposed acquisitions [6(c)(i) and 12]

New Aplitec does not currently own any immovable property. In terms of the acquisition agreement, New Aplitec will, following the completion of the active transactions, have acquired the interests of Aplitec as outlined in paragraph 3 above. Details of New Aplitec's subsidiaries are included in Annexure 14 to this prospectus.

15.3 Disposals and proposed disposals

New Aplitec has not disposed of any material subsidiary and/or associated companies since its incorporation.

Directors and senior management

16. DIRECTORS AND SENIOR MANAGEMENT [2(a)]

16.1 Directors

Details of the current Directors are provided below:

Full name	Business address	Nationality	Qualifications	Position	Relevant experience
Chad Leonard Smart	9 Fricker Road, Illovo Boulevard Illovo Sandton, 2196 South Africa	South African	BComm BAcc CA(SA) CFA	Non-executive director	Mr Smart qualified as a Chartered Accountant with PricewaterhouseCoopers. Thereafter he joined Pricewaterhouse Corporate Finance as a manager covering the full spectrum of activities within mergers and acquisitions. He joined Brait in 1998. He sits on the Board of Brait South Africa Limited and has represented Brait on the boards of a number of its portfolio companies. He is a principal of the Brait Group Funds which are to be deployed in NUEP as part of the active transactions.
Anthony Charles Ball	9 Fricker Road, Illovo Boulevard Illovo Sandton, 2196 South Africa	South African	BCom (Hons) CA(SA) Mphil (Oxford Rhodes scholar)	Non-executive director	In 1991 Mr Ball co-founded Capital Partners, the fore-runner to Brait, which pioneered the private equity market in South Africa. This followed a career with Deloitte & Touche Consulting, where he co-founded the Strategy Group, the strategic consulting unit of Deloitte & Touche. He led the raising and governance of the Brait Group's principal private equity funds and is responsible for numerous of the Brait Group's private equity investments. He was appointed Group chief executive of Brait in March 2000.

On completion of the active transactions, the Board will be dissolved and a new board of directors of New Aplitic will be appointed by NUEP.

16.2 Senior management

NUEP will finalise the appointment of the senior management of New Aplitec in due course. Details of the proposed New Aplitec senior management are detailed below:

Full name	Business address	Nationality	Qualifications	Position	Relevant experience
Serge Christian Pierre Belamant	4th Floor North Wing President Place Corner Jan Smuts Avenue and Bolton Road Rosebank South Africa	French	PhD (Information Technology and Management)	To be advised	Dr Belamant is currently the chairman and chief executive officer of Aplitec and the non-executive chairman of NUEP. Dr Belamant served as a consultant in the development of COPAC (Chip Off-Line Pre-Authorised Card), a product currently being marketed internationally by Visa International. From October 1989 to September 1995, Dr Belamant served as the managing director of Net1 Products (Pty) Limited, a privately owned South African company specialising in the development of advanced technologies in the field of transaction processing and payment systems. Dr Belamant also serves on the board of a number of other companies that are closely related to the smart card business world-wide. Dr Belamant spent 10 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. Dr Belamant has patented a number of inventions ranging from biometrics to gaming as well as the FTS. Dr Belamant has more than 20 years' experience in the fields of operations research, security, biometrics, artificial intelligence and on-line and off-line transaction processing systems.
Herman Gideon Kotzé	4th Floor North Wing President Place, Corner Jan Smuts Avenue and Bolton Road Rosebank South Africa	South African	BCom (Accounting) (Honours) Certificate in Theory of Accounting CA(SA) Higher Certificate in Treasury Management Diploma in Marketing	To be advised	Mr Kotzé is currently the financial director of Aplitec and a member of the Aplitec Executive Committee. Mr Kotzé is a Chartered Accountant who joined Aplitec in December 1998 as a strategic financial analyst. He was appointed to the Board as Group Financial Director in January 2000. Mr Kotzé served his articles from 1993 to 1997 at KPMG in Pretoria, where he was the audit manager for several major corporations in the manufacturing, mining, retail and financial services industries. During 1998, he joined The Industrial Development Corporation of South Africa Limited ("IDC") as a business analyst. His main duties at the IDC were the evaluation and investigation of ventures requiring funding from the IDC, from small manufacturing concerns to huge multi-national projects, as well as the structuring and implementation of loan and equity products for these concerns.

Full name	Business address	Nationality	Qualifications	Position	Relevant experience
Brenda Stewart	4th Floor North Wing President Place, Corner Jan Smuts Avenue and Bolton Road Rosebank South Africa	South African	Not applicable	To be advised	Mrs Stewart is currently a director of Net1 Investment and a director of Net1 Holdings. She is also a member of the Aplitec Executive Committee. Mrs Stewart joined Aplitec in 1997. She has gained many skills over the last 20 years working with Dr Belamant and his deceased partner at Volkskas Industrial Bank, SASWITCH and Net1 Southern Africa, Net1 Solutions and Net1 Investment. Her primary function is to manage all marketing and sales activities for the Aplitec Group. Her secondary function is to oversee implementation and operation of specific projects such as Malawi, Mozambique, etc, as well as pension and welfare systems. Her skills involve in-depth knowledge of marketing sales, project management, operations, implementation, maintenance/repair, customer support, financial management, administration, tax and presentation material as well as a vast understanding of the UEPS smart card technology.
Nitin Soma	4th Floor North Wing President Place, Corner Jan Smuts Avenue and Bolton Road Rosebank South Africa	South African	Bachelor of Science (Computer Science/ Applied Mathematics) Accounting	To be advised	Mr Soma is a member of the Aplitec Executive Committee. Mr Soma joined Aplitec in 1997 and has the following experience: <ul style="list-style-type: none"> – specialised in transaction switching and inter-bank settlements; – represented Nedcor Bank in assisting with the technical specifications for the South African Inter-bank Standards; – responsible for the ATM settlement process to balance ATM's with the host as well as balance the host with different card users; – designed the Stratus Back-End System for Aplitec; – responsible for the Nedbank Settlement System for the Point of Sales Devices; – 10 years' experience in the development and design of smart card payment systems (Switch and MIS); – successful implementation of Malawi National & Smart Card Payment System; and – intensive credit card system knowledge and implementation.

17. SERVICE AGREEMENTS AND RESTRAINTS OF TRADE [16(b)]

17.1 Dr Serge Christian Pierre Belamant, Mr Herman Gideon Kotzé, Mrs Brenda Stewart and Mr Nitin Soma have, subject to the completion of the active transactions, each agreed to enter into service contracts, the exact terms of which will be agreed at a later date.

17.2 They have also entered into restraint of trade agreements in favour of New Aplitec for no consideration.

17.3 Dr Serge Christian Pierre Belamant, Mr Herman Gideon Kotzé, Mrs Brenda Stewart and Mr Nitin Soma and other employees determined by the board of directors of NUEP (or a committee thereof) will receive a total of 8 720 936 shares of NUEP common stock, credited as fully paid-up, equivalent to 2,63% of the fully diluted shares of NUEP common stock. These shares will vest over a period of four years, commencing on the grant date, in terms of a proposed stock incentive plan.

17.4 A total of 2,63% of the equity of NUEP will be made available to selected members of the management team by means of a proposed stock incentive plan (the individual recipients of which have not been determined at this time with the exception of Dr Serge Christian Pierre Belamant, Mr Herman Gideon Kotze, Mrs Brenda Stewart and Mr Nitin Soma) in terms of which such equity will vest equally over a period of five years.

18. INTERESTS OF PROMOTERS AND DIRECTORS [17(a), 17(b) and 17(c)]

18.1 Details of fees payable to the Brait Group are set out in paragraph 7.2 above.

18.2 The Directors do not have any direct material interest in the promotion of the Company or in property proposed to be acquired by the Company nor did the Directors, directly or indirectly, hold any shares in the Company prior to the date of issue of this prospectus. Brait has an indirect interest in the active transactions as it is the holding company of the Brait entities comprising the Brait Group. The Directors hold shares in Brait and have economic arrangements in respect of the funds managed by Brait typical of private equity funds. Consequently, they have an indirect interest in the active transactions.

19. QUALIFICATION, REMUNERATION, BORROWING POWERS AND APPOINTMENT OF DIRECTORS [2(b), 2(c) and 2(e)]

19.1 The relevant provisions of the articles of association of New Aplitec concerning the qualification, remuneration, the borrowing powers exercisable by the Directors, and the appointment of the Directors, are set out in Annexure 1 to this prospectus.

19.2 Future executive directors will earn salaries as determined by the Board or an appropriate sub-committee of the Board from time to time.

19.3 Non-executive Directors will receive directors' fees, the quantum of which will be determined with reference to the roles and responsibilities assumed by those directors and fees paid by comparable South African companies.

19.4 The current Directors of New Aplitec do not receive any remuneration for their services.

20. AMOUNTS PAID OR PAYABLE TO PROMOTERS AND THE UNDERWRITER [13 and 14]

There are no amounts payable to promoters or the underwriter by New Aplitec.

General information

21. MATERIAL CONTRACTS [16(a) and 16(b)]

New Aplitec has entered into the following material contracts which will lie open for inspection from the date of issue of this prospectus from Monday, 17 May 2004 up until Friday, 25 June 2004, at the registered office of New Aplitec:

- 21.1 the offer letter from New Aplitec to Aplitec, dated 28 October 2003, outlining New Aplitec's intention to purchase the entire undertaking of Aplitec;
- 21.2 the acquisition agreement, dated 31 October 2003, between New Aplitec, Aplitec, Net1 Investment and Net1 Support outlining the terms and conditions of the acquisition, and the amendment thereto;
- 21.3 the subscription agreement, dated 31 October 2003, between NUEP and New Aplitec in terms of which NUEP will, *inter alia*, subscribe for all the New Aplitec A class shares and extend the A class loans in the sum of 101,004 cents per New Aplitec A class share in order to capitalise New Aplitec, and the amendment thereto;
- 21.4 the subscription agreement between the New Aplitec Participation Trust and New Aplitec, dated 10 November 2003, and the amendment thereto, in terms of which the New Aplitec Participation Trust will subscribe for all of the New Aplitec B class preference shares at a price of 183,996 cents per New Aplitec B class preference share and extend the B class loans. New Aplitec will issue the New Aplitec B class preference shares to the New Aplitec Participation Trust and will credit the trust with B class loans in the sum of 101,004 cents per New Aplitec B class preference share, in New Aplitec's books. The New Aplitec Participation Trust will receive one New Aplitec B class preference share and one B class loan for every Aplitec ordinary share in respect of which the Aplitec shareholders elect the reinvestment option;
- 21.5 the trust deed of the New Aplitec Participation Trust, dated 31 October 2003, the terms of which are detailed in Annexure 10 to this prospectus;
- 21.6 the umbrella agreement between the Aplitec Holdings Participation Trust, the New Aplitec Participation Trust, New Aplitec, NUEP and the Brait Group, dated 10 November 2003, governing, *inter alia*, the constitution and the mechanics of the reinvestment option, and the amendment thereto;
- 21.7 the restraint of trade agreements referred to in paragraph 17.2 above; and
- 21.8 the underwriting agreement between the Brait Group and New Aplitec, dated 5 November 2003, detailing the Brait Group's underwriting of the reinvestment option.

22. LITIGATION STATEMENT

- 22.1 New Aplitec is not involved in, and none of the Directors are aware of, any legal or arbitration proceedings which are pending or threatened and which may have, or have had in the 12-month period preceding the date of issue of this prospectus, a material effect upon the financial position of New Aplitec.
- 22.2 The undertaking of Aplitec, which will be New Aplitec's sole asset following the conclusion of the active transactions, is involved in the following litigation or threatened litigation:
 - 22.2.1 Cash Paymaster Services (Northern) (Proprietary) Limited, an indirect subsidiary of Aplitec, is the plaintiff in a summons served on the Limpopo Provincial Government for damages suffered by Cash Paymaster Services (Northern) (Proprietary) Limited as a result of contract deviations committed by the Limpopo Provincial Government. The success of this action would have a material positive effect on the Aplitec Group. The failure of this action would have no material effect on the Aplitec Group.

22.2.2 Aplitec has been threatened with legal action by NAHORA/Marcfeb Investments (Proprietary) Limited regarding the expiry of an option allegedly granted by Aplitec to NAHORA/Marcfeb Investments (Proprietary) Limited to purchase 2 500 000 Aplitec shares at ZAR1 per share. Should NAHORA/Marcfeb Investments (Proprietary) Limited be successful in their action against Aplitec, Aplitec would have to issue 2 500 000 Aplitec shares at ZAR1 per share and would, in return, receive ZAR2,5 million in cash.

22.3 Indemnification

New Aplitec has agreed to indemnify Aplitec and all its directors against all claims which may arise as a result of any offer of NUEP securities which the staff of the SEC has indicated may be in contravention of Section 5 of the US Securities Act. The indemnity will only apply if the active transactions become unconditional. Furthermore, the indemnity will only apply to the extent that such claims exceed the amount against which Aplitec is insured in terms of its insurance arrangements.

23. REGISTRATION OF PROSPECTUS

An English copy of this prospectus was registered in terms of section 155(1) of the Companies Act by the Registrar of Companies in Pretoria on 13 May 2004 together with the following documents:

23.1 the original written consents of the corporate and transaction advisors, reporting accountants, legal advisor, auditors, transfer secretaries, underwriter and commercial banker to act in the capacities stated and to their names being stated in this prospectus. None of these consents have been withdrawn prior to registration;

23.2 the necessary powers of attorney from the New Aplitec Directors authorising one or more of them to sign this prospectus on behalf of the grantors of the powers of attorney; and

23.3 the material contracts referred to in paragraph 21 above.

24. CODE OF CORPORATE PRACTICE AND CONDUCT

The Board has taken cognisance of the recommendations set out in the King Report on Corporate Governance 2001 (King II) and intends to establish an appropriate Corporate Governance framework for the Company.

25. DOCUMENTS AVAILABLE FOR INSPECTION [16(a)]

Copies of the following documents will be available at New Aplitec's registered office, at any time during business hours from Monday, 17 May 2004 up until Friday, 25 June 2004:

25.1 the memorandum and articles of association of New Aplitec;

25.2 the reports of Fisher Hoffman PKF (Jhb) Inc., dated 11 May 2004, which are included as Annexures 6 and 9, respectively;

25.3 the written consent of Fisher Hoffman PKF (Jhb) Inc. as the reporting accountants to the publication of their reports, dated 11 May 2004, and references thereto in the form and context in which they are included in this prospectus;

25.4 the written consents of the corporate and transaction advisors, legal advisor, auditors, commercial banker, underwriter and transfer secretaries named in this prospectus to act in those capacities; and

25.5 the material contracts referred to in paragraph 21 above.

26. PARAGRAPHS OF SCHEDULE 3 TO THE COMPANIES ACT WHICH ARE NOT APPLICABLE [50]

The following paragraphs of Schedule 3 of the Companies Act are not applicable:

1(b), 2(d), 6(a)(iii), 6(e)(ii), 6(g), 6(h), 7, 8(b), 8(d), 9(b), 12, 18(a), 18(b), 19, 20(b), 21, 23, 24, 25(2), 27, 28, 29 and Part III.

Signed in Johannesburg by or on behalf of all the directors of New Aplitec on 13 May 2004.

C Smart

A Ball

Registered office

2nd Floor
9 Fricker Road
Illovo Boulevard
Illovo, Sandton, 2196
(Private Bag X1, Northlands, 2116)

Transfer secretaries

Ultra Registrars (Proprietary) Limited
(Registration number 2000/007239/07)
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Qualification, remuneration, borrowing powers and appointment of Directors
2(b), 2(c) and 2(e)]

The following paragraphs are an extract from the articles of association of New Aplitec:

“10. DIRECTORS

- 10.1** Until otherwise determined by a meeting of members, the number of directors shall not be less than 2 (two) nor more than 10 (ten).
- 10.2** The company may from time to time at meetings of members increase or reduce the number of directors.
- 10.3** The directors shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of these Articles, any person appointed to fill a casual vacancy or as an addition to the board shall retain office only until the next following annual meeting of the company and shall then retire and be eligible for re-election.
- 10.4** The company at a meeting of members or the directors shall have power at any time, and from time to time, to appoint any person as a director but so that the total number of directors shall not at any time exceed the maximum number fixed by or in terms of these Articles.
- 10.5** The appointment of a director shall take effect upon compliance with the requirements of the Statutes.

11. QUALIFICATION OF DIRECTORS

The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

12. REMUNERATION OF DIRECTORS

- 12.1** The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors shall be paid all their reasonable travelling, hotel and other expenses properly and necessarily incurred by them in and about the business of the company or about the performance of their duties as directors, including those of attending and travelling to and from meetings of the directors or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the directors which may be either in addition to or in substitution for the remuneration provided for in these Articles.
- 12.2** The directors may approve the payment to any director who serves on any committee or who devotes special attention to the business of the company, or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, such extra remuneration by way of salary, commission, percentage of profits or by any or all of these modes or otherwise as they may determine.”

“14. BORROWING POWERS OF DIRECTORS

- 14.1** The directors may in their discretion, from time to time, raise or borrow from the members or other persons any sums of money for the purposes of the company, provided that the total amount owing by the company in respect of monies so raised, borrowed or secured shall not exceed the amount authorised by its listed holding company, if any.
- 14.2** The directors may secure the payment or repayment of any sums of money borrowed or raised in terms of Article 14.1 or the payment of any debt, liability or obligation whatsoever of the company or of a third party, in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the execution of bonds or the issue of debentures or debenture stock of the company charged upon all or any part of the property and rights of the company, both present and future, including its uncalled capital.”

Prospects of the combined group following the implementation of the active transactions [6(i)]

The active transactions will combine the FTS patents and world-wide rights to the UEPS technology into a single group along with the unique implementation skills, business models and applications for UEPS systems developed by Aplitec. In addition, they will raise sufficient capital to implement NUEP's international expansion business plan.

If the active transactions are consummated, NUEP intends to focus on implementing the business plan described below. However, NUEP can give no assurance that the transactions will be consummated as planned, or that NUEP will be successful in meeting the business plan objectives in the future.

1. MARKET FOCUS

In an effort to efficiently allocate NUEP's resources, the board of NUEP has identified two distinct markets for NUEP's products, based on the benefits that cardholders, merchant cardholders and others would find desirable from the payment system. Each of these markets will require different marketing strategies:

- The first and primary set of markets for the technology is the “less developed markets”, which are characterised by a lack of reliable, extensive and inexpensive telecommunications and related infrastructure systems. These markets have relatively little penetration of credit or debit cards and a large portion of the population does not have access to traditional banking services. Aplitec has substantial experience in developing and tailoring UEPS applications to meet the specific needs of potential clients in these environments. NUEP intends to leverage off Aplitec's experience to secure new contracts in other less developed markets.
- The second set of markets is the “more developed markets”. These markets have reliable, extensive and inexpensive telecommunications networks, a considerable penetration of credit and debit card services and the vast majority of their populations have access to banking products.

1.1 Less developed markets

NUEP's present competition in the less developed markets is principally cash. In addition, other companies are developing smart card-based systems for these markets, some of which may become competitive. The less developed markets comprise the great majority of the world's population and there is generally 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. NUEP believes that its product is particularly well-suited for these markets, and while individual transactions may be smaller than in developed markets, the volume of these transactions is potentially much greater, representing a significant opportunity for attaining licensing fees and joint ventures.

NUEP's goal in these markets is to provide a payment system to the population as an alternative to cash. Cash is expensive to handle in terms of the costs associated with administering a cash float and is particularly prone to theft. Moreover, since people in 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 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, UEPS systems will result in significant savings to employers, governments and merchants. A significant focus of NUEP in these markets, therefore, is to identify local licensees and/or joint venture partners that it believes will be in a position to effectively market the payment system to employers and governments.

NUEP's general strategy is to market the UEPS system to those who presently transfer money to others, like employee wages or government benefits. These entities would enter into arrangements with a card issuer, who would then 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 cheques. 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 UEPS will become recognised and the system will continue to grow. NUEP is also exploring initiatives in these markets to utilise the UEPS in connection with public transportation, taxis and pre-paid utility services, such as telephones, electricity and water.

The active transactions will allow NUEP to leverage off Aplitec's experience and skills to develop, customise and implement the UEPS in other parts of the world. Over the last five years, Aplitec has successfully implemented systems in South Africa, Malawi, Ghana, Burundi, Mozambique and Rwanda in applications ranging from the distribution of social welfare grants to integrated national switching systems. NUEP intends to actively pursue opportunities in less developed markets after completion of the active transactions.

1.2 The developed markets

NUEP's principal competition in the developed markets is the existing base of credit and traditional debit cards, as well as cash, cheques 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. NUEP believes that its 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. 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 transfers of payments from customers, while not requiring the customer to transmit any information over the Internet which can identify the customer's payment account. NUEP believes that the UEPS payment system can meet these objectives as well as provide additional benefits to on-line consumers and merchants.

NUEP envisions 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 NUEP 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 UEPS smart card through a simple Internet application. In the case where the financial institution is a licensee of NUEP, the debit or stop order would not be required to achieve the abovementioned 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 unauthorised use of their card and would always maintain a full audit trail of all their transactions.

The UEPS Internet payment solution is no different from the standard off-line point of sale or POS transaction. The ease with which UEPS can be adapted 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. The risk of fraud, repudiation or non-payment is reduced compared to competing systems.

NUEP 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. The continuous debit function could ensure that payment is made while the service is being used. This same functionality can be used in applications such as fuel dispensing and telephonic communication.

NUEP intends 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, NUEP will then broaden its focus to conventional banking and retail applications in these markets.

2. IDENTIFIED SOURCES OF REVENUE

NUEP has identified several potential general sources of revenue, including:

- manufacture licensing;
- software licensing;
- usage licensing;
- joint ventures; and
- hardware sales.

In 2002, NUEP's revenue consisted of license fees collected in respect of UEPS system users in Burundi, Latvia, Ghana, the Commonwealth of Independent States and Malawi, as well as license usage fees from Visa International Service Association. While none of the other sources of revenue have yet been developed, the active transactions will:

- provide NUEP with sufficient capital to actively market the technology and secure new business;
- provide NUEP with a history of successful UEPS implementations as proof of the concept;
- allow NUEP to leverage-off Aplitec's experience and skills to design and implement financially viable UEPS systems.

2.1 Manufacture licensing

As part of the business plan, NUEP will license manufacturers to produce UEPS smart cards. NUEP will collect a licensing fee for each card manufactured and it will further generate fees for access to product information and workshop materials.

Manufacturers of POS terminals and pre-paid utility meter terminals who wish to produce terminals capable of supporting UEPS-based applications will be licensed by NUEP. It is anticipated that these manufacturer licenses will be based on a variety of payment systems, including annual payments, per-terminal payments or transaction fees. Generally, the terminals used in connection with the 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 UEPS payment systems. These potential revenues are likely to be greater in respect of USA-based manufacturers than for European and other non-South African countries, as the European FTS patent has been revoked. The active transactions will extend this potential revenue stream to manufacturers in South Africa and its surrounding territories.

2.2 Software licensing

NUEP will require that all ultimate users of software supporting the UEPS smart cards receive a license, for which NUEP will charge a fee. It is anticipated that this software license will include an annual fee as well as a transaction-based fee.

2.3 Usage licensing

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

The active transactions will consolidate the ownership of and rights to the technology under NUEP. Using Aplitec's track record of successful UEPS implementations and its skills in developing and modifying the UEPS to meet client specific needs, NUEP will be able to effectively market the UEPS payment system to potential customers across the world.

2.4 Joint ventures

NUEP will explore opportunities to form joint ventures with entities within particular geographic territories. The joint venture partner will act as a system operator in that territory. Under this scenario, NUEP will act as a licensor and may have an equity interest or other participation in the licensee. It is contemplated that NUEP will enter into technology and know-how transfer agreements in exchange for the 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. Joint ventures will create ongoing revenue streams resulting from the profits of the joint venture and ongoing license fees referred to above.

To date, NUEP has had no experience in implementing UEPS systems, which necessitated the distribution agreement with Aplitec. As a result, these joint venture opportunities have not arisen. Should the active transactions be consummated, there will be significant scope for NUEP to enter into these joint venture arrangements in territories in which Aplitec has either implemented UEPS systems or has been awarded contracts to implement these systems.

2.5 Hardware sales

NUEP will pursue arrangements with smart card and terminal manufacturers, which will enable it to purchase these items in volumes at preferential prices. Aplitec already generates significant revenues from the supply of hardware to its licensees in South Africa and its surrounding territories. For the financial year ending 30 June 2003, Aplitec generated UEPS-related hardware sales of ZAR61,4 million. Similarly, NUEP contemplates selling these items to their licensees, passing along a portion of the price savings.

Historical interim financial information relating to the Aplitec Group for the six months ended 31 December 2003

ABRIDGED INCOME STATEMENTS

	Reviewed Six months ended 31 December		Change (%)	Audited
	2003 R'000	2002 R'000		Year ended 30 June 2003 R'000
Revenue	390 742	310 834	25,7	691 484
Operating profit	116 881	80 058	46,0	186 092
Net interest received	11 160	13 487	(17,3)	23 546
	128 041	93 545	36,9	209 638
Provision for transaction costs	7 000	–		–
Settlement of share options	–	5 349		5 349
Provision for loss on loan	4 875	–		4 875
Profit before tax	116 166	88 196	31,7	199 414
Tax expense	42 740	31 349	36,3	69 132
Current and deferred	38 297	28 139	36,1	65 922
STC	4 443	3 210	38,4	3 210
Profit after tax	73 426	56 847	29,2	130 282
Minority interests	–	2 494		4 095
Net profit for period	73 426	54 353	35,1	126 187
Headline earnings per share (cents)	32,46	26,21	23,8	58,57
Diluted headline earnings per share (cents)	–	26,00		–
Earnings per share (cents)	30,98	23,46	32,1	53,25
Diluted earnings per share (cents)	–	23,26		–
Weighted average number of shares ('000)	236 977	231 671		236 977
Diluted number of shares ('000)	236 977	233 687		236 977
Reconciliation of headline earnings				
Net profit for period	73 426	54 353		126 187
Amortisation of goodwill	3 508	877		7 393
(Profit)/Loss on disposal of property, plant and equipment	(1)	148		(139)
Settlement of share options	–	5 349		5 349
Headline earnings	76 933	60 727		138 790

ABRIDGED BALANCE SHEETS

	Reviewed		Audited
	31 December		30 June
	2003	2002	2003
	R'000	R'000	R'000
ASSETS			
Non-current assets	95 444	76 116	96 050
Property, plant and equipment	63 241	55 981	65 075
Capitalised development costs	–	903	–
Goodwill	8 535	13 498	12 043
Deferred tax	23 668	5 734	18 932
Current assets	637 042	449 172	586 478
Inventory	5 745	12 870	6 437
Trade and other receivables	138 543	121 693	151 492
Cash and cash equivalents	492 754	314 609	428 549
Total assets	723 486	525 288	682 528
EQUITY AND LIABILITIES			
Capital and reserves	561 999	447 113	524 120
Issued share capital and premium	134 734	129 561	134 734
Accumulated profit	427 265	317 552	389 386
Minority interests	–	5 769	–
Current liabilities	170 487	72 406	158 408
Trade and other payables	108 520	43 977	107 474
Tax	61 967	28 429	50 934
Total equity and liabilities	732 486	525 288	682 528
Shares in issue ('000)	236 977	233 464	236 977
Tangible net asset value per share (cents)	233,55	185,34	216,09
Net asset value per share (cents)	237,15	191,51	221,17

ABRIDGED STATEMENTS OF CHANGES IN EQUITY

	Reviewed		Audited
	Six months ended		Year ended
	31 December		30 June
	2003	2002	2003
	R'000	R'000	R'000
Ordinary shareholders' equity at beginning of period	524 120	418 455	418 455
Changes in share capital			
Shares issued	–	–	4
Changes in share premium	–	(14)	5 155
Shares issued	–	–	5 179
Share issue expenses written-off	–	(14)	(24)
Changes in accumulated profit	37 879	28 672	100 506
Net profit for period	73 426	54 353	126 187
Dividends paid to shareholders	(35 547)	(25 681)	(25 681)
Ordinary shareholders' equity at end of period	561 999	447 113	524 120

ABRIDGED CASH FLOW STATEMENTS

	Reviewed		Audited
	Six months ended		Year ended
	31 December		30 June
	2003	2002	2003
	R'000	R'000	R'000
Cash flows from operating activities			
Cash receipts from customers	408 894	302 359	665 211
Cash paid to suppliers and employees	(270 192)	(236 562)	(434 627)
Cash generated from operations	138 702	65 797	230 584
Net interest received	11 161	13 487	23 546
Tax paid	(36 442)	(28 014)	(56 491)
Dividends paid	(35 547)	(25 681)	(25 681)
Cash flows from operating activities	77 874	25 589	171 958
Cash flows from investing activities			
Additions to property, plant and equipment	(13 798)	(33 422)	(60 791)
Proceeds from disposal of property, plant and equipment	129	643	2 841
Purchase of minority interests	–	–	(12 432)
Cash utilised in investing activities	(13 669)	(32 779)	(70 382)
Cash flows from financing activities			
Proceeds from issue of share capital	–	(14)	5 159
Net increase/(decrease) in cash and cash equivalents	64 205	(7 205)	106 735
Cash and cash equivalents at beginning of period	428 549	321 814	321 814
Cash and cash equivalents at end of period	492 754	314 609	428 549
Cash equivalent earnings per share (cents)	37,01	30,57	65,00

SEGMENTAL ANALYSIS

The estimated proportions of consolidated revenue and profit before tax attributable to the various classes of business were as follows:

	Revenue		Profit before tax		Margin	
	Six months ended		Six months ended		Six months ended	
	31 December		31 December		31 December	
	2003	2002	2003	2002	2003	2002
	R'000	R'000	R'000	R'000	%	%
FTS/UEPS Licence fees	7 351	4 860	6 474	3 983	88	82
UEPS Software sales	5 513	2 132	3 308	1 279	60	60
UEPS Hardware sales	17 087	56 895	4 613	15 362	27	27
UEPS Processing fees	86 060	60 573	39 118	17 898	45	30
Management Services	23 627	16 630	9 451	6 652	40	40
Financial Services	56 666	60 503	14 182	10 981	25	18
Social Security: Operational fees	184 264	102 319	40 776	25 452	22	25
Social Security: Pre-funding	10 174	6 922	1 590	1 081	16	16
Interest earned	–	–	11 160	13 487	–	–
Unallocated corporate items	–	–	(14 506)	(7 979)	–	–
	390 742	310 834	116 166	88 196	30	28

ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis and in conformity with Statements of Generally Accepted Accounting Practice. The accounting policies applied in the preparation of the financial statements are consistent in all material respects with those applied in the annual financial statements for the year ended 30 June 2003.

REVIEW REPORT

The results have been reviewed by Fisher Hoffman PKF (Jhb) Inc. and their unqualified review opinion is available for inspection at the Company's registered office.

DIVIDEND

No interim dividend has been declared.

DIRECTORS' EMOLUMENTS

Fees and salaries

	Reviewed			Audited		
	31 December 2003			30 June 2003		
	R'000			R'000		
	Basic salaries	Bonus	Total	Basic salaries	Bonus	Total
Paid to Executive Directors	1 325	750	2 075	2 294	580	2 876
S C P Belamant	825	500	1 325	1 431	400	1 831
H G Kotzé	500	250	750	863	180	1 045

Fees paid to non-executive Directors:

J C Livingstone	100	75
D A J Donald	–	–
B J S Hore	–	–
D G S Muller	–	–

SUBSIDIARIES**Share of net profits/(losses) for period**

	Reviewed 31 December R'000
Net1 Support Services (Proprietary) Limited	(12 757)
Net1 Finance Holdings (Proprietary) Limited	18 162
Cash Paymaster Services (Proprietary) Limited	66 929
Net1 Investment Holdings (Proprietary) Limited	5 502
	77 836

Historical financial information relating to the Aplitec Group for the two years ended 30 June 2003 [6(f) and 25]

INTRODUCTION

The business of New Aplitec will be the same as the business of Aplitec and therefore the historical financial information in respect of Aplitec is presented for information purposes.

1. NATURE OF BUSINESS

Paragraph 3 of this prospectus sets out the nature of New Aplitec's business.

2. BASIS OF PREPARATION

The financial information of Aplitec and the Aplitec Group has been extracted and compiled from the audited financial statements of Aplitec for the two financial years ended 30 June 2003. Fisher Hoffman PKF (Jhb) Inc. acted as auditors to Aplitec throughout the period and reported without qualification for these periods.

3. FINANCIAL INFORMATION

The financial information of Aplitec and the Aplitec Group for the two financial years ended 30 June 2003 is set out below:

Balance sheets at 30 June

	Notes	Group		Company	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
ASSETS					
Non-current assets					
		96 050	62 512	98 115	125 919
Property, plant and equipment	2	65 075	33 192	–	–
Intangible assets	3	12 043	18 284	–	–
Deferred tax	4	18 932	11 036	16	17
Investment in subsidiaries	5	–	–	98 099	125 902
Current assets					
		586 478	448 205	8 295	7 296
Inventory	6	6 437	15 521	–	–
Trade and other receivables		151 492	110 870	120	1 385
Cash and cash equivalents		428 549	321 814	8 175	5 911
Total assets		682 528	510 717	106 410	133 215
EQUITY AND LIABILITIES					
Capital and reserves					
		524 120	418 455	104 377	131 516
Share capital	7	237	233	237	233
Share premium		134 497	129 342	134 497	129 342
Accumulated profit/(loss)		389 386	288 880	(30 357)	1 941
Minority interests					
		–	3 275	–	–
Current liabilities					
		158 408	88 987	2 033	1 699
Trade and other payables	8	107 474	58 591	1 294	247
Tax		50 934	30 396	739	1 452
Total equity and liabilities		682 528	510 717	106 410	133 215
Net asset value per share (cents)	14	221,17	179,24		

Income statements for the year ended 30 June

	Notes	Group		Company	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
Revenue	9	691 484	525 585	–	–
Cost of sales		234 885	143 795	–	–
Gross profit		456 599	381 790	–	–
Other operating income		3 743	1 872	–	–
Operating expenses		284 474	248 662	7 249	949
– Distribution costs		6 155	2 797	–	–
– Administration expenses		70 895	57 551	478	526
– Other operating expenses		207 424	188 314	6 771	423
Profit/(Loss) from operations	10	175 868	135 000	(7 249)	(949)
Interest received		73 086	33 086	6 665	1 293
Finance cost		(49 540)	(19 072)	(1 759)	–
Income from subsidiaries	12	–	–	240	240
Profit/(Loss) before tax		199 414	149 014	(2 103)	584
Income tax expense	13	69 132	43 286	4 514	178
Profit/(Loss) after tax		130 282	105 728	(6 617)	406
Minority interests		4 095	1 695	–	–
Net profit/(loss) for year		126 187	104 033	(6 617)	406
Headline earnings per share (cents)	14	58,57	44,61		
Earnings per share (cents)	14	53,25	45,23		

Statements of changes in equity

	Share capital R'000	Share premium R'000	Accumulated profit/(loss) R'000	Total R'000
Group				
Balance at 30 June 2001	230	123 998	184 847	309 075
Issue of share capital	3	5 380	–	5 383
Share issue cost written-off against share premium	–	(36)	–	(36)
Net profit for year	–	–	104 033	104 033
Balance at 30 June 2002	233	129 342	288 880	418 455
Issue of share capital	4	5 179	–	5 183
Share issue cost written-off against share premium	–	(24)	–	(24)
Net profit for year	–	–	126 187	126 187
Dividends paid to shareholders	–	–	(25 681)	(25 681)
Balance at 30 June 2003	237	134 497	389 386	524 120
Company				
Balance at 30 June 2001	230	123 998	1 535	125 763
Issue of share capital	3	5 380	–	5 383
Share issue cost written-off against share premium	–	(36)	–	(36)
Net profit for year	–	–	406	406
Balance at 30 June 2002	233	129 342	1 941	131 516
Issue of share capital	4	5 179	–	5 183
Share issue cost written-off against share premium	–	(24)	–	(24)
Net loss for year	–	–	(6 617)	(6 617)
Dividends paid to shareholders	–	–	(25 681)	(25 681)
Balance at 30 June 2003	237	134 497	(30 357)	104 377

Cash flow statements for the year ended 30 June

	Notes	Group		Company	
		2003 R'000	2002 R'000	2003 R'000	2002 R'000
Cash flows from operating activities		171 958	124 512	(30 698)	1 820
Cash receipts from customers		665 211	503 476	–	–
Cash paid to suppliers and employees		(434 627)	(350 497)	(4 698)	(350)
Cash generated from/(utilised by) operations	19	230 584	152 979	(4 698)	(350)
Interest received		73 086	33 086	6 665	1 293
Finance cost		(49 540)	(19 072)	(1 759)	–
Tax paid	20	(56 491)	(42 481)	(5 225)	877
Dividends paid		(25 681)	–	(25 681)	–
Cash flows from investing activities		(70 382)	(8 926)	–	–
Additions to property, plant and equipment		(60 791)	(19 472)	–	–
Proceeds from disposal of property, plant and equipment		2 841	6 335	–	–
Cash inflow from disposal of business	21	–	4 211	–	–
Acquisition of minority interests	22	(12 432)	–	–	–
Cash flows from financing activities		5 159	5 347	32 962	(146)
Proceeds from issue of share capital		5 159	5 347	5 159	5 347
Receipts from/(Repayment of) loans to subsidiaries		–	–	27 803	(5 493)
Net increase in cash and cash equivalents		106 735	120 933	2 264	1 674
Cash and cash equivalents at beginning of year		321 814	200 881	5 911	4 237
Cash and cash equivalents at end of year	23	428 549	321 814	8 175	5 911
Cash equivalent earnings per share (cents)	24	65,00	54,88		

NOTES TO THE 2003 FINANCIAL STATEMENTS

1. Accounting policies

The principal policies are set out below and are consistent in all material respects with those which were applied in the previous year:

1.1 Basis of presentation

The financial statements of the Group are prepared in conformity with South African Statements of Generally Accepted Accounting Practice on the historical cost basis, except where otherwise stated.

1.2 Basis of consolidation and goodwill

The consolidated financial statements include those of the holding company and its subsidiaries. The results of subsidiaries are included from the effective dates of their acquisition until the effective dates of their disposal. Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill is capitalised as an intangible asset and amortised on the straight-line basis over the period of the expected benefit, which is estimated at 10 years. Inter-company transactions and balances are eliminated on consolidation. Separate disclosure is made of minority interests.

1.3 Property, plant and equipment

Property, plant and equipment are shown at cost less accumulated depreciation. Property, plant and equipment are depreciated on the straight-line basis at rates which are estimated to amortise the assets to their anticipated residual values over their useful lives. Within the following asset classifications, the expected economic lives are approximately:

Computer equipment	3 years
Office equipment	3 years
Vehicles	4 to 5 years
Furniture and fittings	5 to 10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.4 Leasehold improvement costs

Costs incurred in the adaptation of leased properties to serve the requirements of the Company are capitalised and amortised over the shorter of the term of the lease and the contract for which the lease has been entered into. Where the Company is required to restore a property to its original condition upon termination of a lease, the related costs are expensed as incurred.

1.5 Intangible assets

Intangible assets are shown at cost less accumulated amortisation and are amortised over their useful lives, which is estimated at five years.

1.6 Deferred tax

Deferred tax is provided at current rates on the comprehensive allocation basis, using the liability method. Deferred tax assets are raised to the extent that it is probable that taxable income will be available against which deductible temporary differences and accumulated tax losses can be utilised.

1.7 Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes transport and handling costs.

1.8 Financial instruments

Initial recognition and measurement

Financial instruments are recognised when the Group becomes a party to the transaction. Initial measurements are at cost, which includes transaction costs subsequent to initial recognition. These instruments are measured as set out below:

1.8.1 Trade and other receivables

Trade and other receivables originated by the Group are stated at cost less provision for doubtful debts.

1.8.2 Cash and cash equivalents

Cash and cash equivalents are stated at the bank statement balances.

1.8.3 Trade and other payables

Trade and other payables are carried at their estimated fair value.

1.9 Foreign exchange transactions

Foreign exchange transactions are translated at the spot rate ruling at the date of the transaction. Monetary items are translated at the closing spot rate at the balance sheet date. Exchange differences occurring on the settlement of monetary items or on the reporting of outstanding monetary items, are brought into account as income for the period. Non-monetary items are translated at the spot rate at the date of the transaction or the spot rate on the valuation date if carried at fair value.

1.10 Revenue recognition

Fees and commissions

The Company provides a state pension and welfare benefit distribution service to provincial Governments in South Africa. Fees are computed based on the number of beneficiaries included in the Government payfile. Fee income received for these services is recognised in the income statement when distributions have been made.

The Company provides an automated payment collection service to third parties, for which it charges monthly fees. These fees are recognised in the income statement as the collections are made.

Interest income

Interest income earned from micro-lending activities is recognised in the income statement as it falls due, using the effective interest rate method by reference to the constant interest rate stated in each loan agreement. Interest receivable over the term of a loan is recognised as a receivable on inception of the loan and a corresponding amount recorded as deferred income.

For loans in arrears where recovery is determined to be doubtful, an expense is recorded for amounts of interest previously recognised in the income statement that have not been collected. An expense is also charged for future interest recorded as a receivable on the balance sheet. Subsequently, interest income is recorded in the income statement as it falls due under the original terms of the loan agreement.

Systems implementation projects

The Company undertakes smart card system implementation projects. The hardware and software installed in these projects are in the form of customised systems, which ordinarily involve modification to meet the customer's specifications. Software delivered under such arrangements is available to the customer permanently, subject to the payment of annual license fees. Revenue for such arrangements is recognised under the completed contract method, no income and profit being recognised until the contract is completed, save for annual license fees, which are recognised in the period to which they relate. Up-front and interim payments received are recorded as client deposits until customer acceptance.

Other income

Revenue from service and maintenance activities is charged to customers on a time-and-materials basis and is recognised in the income statement as services are delivered to customers.

1.11 Research and development expenditure

Research expenditure is written-off in the period in which it is incurred. Development expenditure is capitalised until the operation to which it relates commences trading. The expenditure is then written-off on the straight-line basis over the life of the product, which is estimated at no longer than four years. Where the project is terminated, the related development expenditure is written-off immediately.

1.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

1.13 Cost deferrals

The cost of purchasing and initialising smart cards is capitalised and amortised over the term of the benefits distribution contract, subject to a limit of there being probable future revenues to match the costs deferred.

1.14 Loan provisions

A specific provision is established for all loans where it is considered likely that some of the capital will not be repaid by the borrower. Where the loan capital is insured, the amount due to be recovered from the insurer is recorded as a receivable. Default is taken to be likely after a specified period of repayment default, which is generally taken to be not more than 150 days. This assessment is made based on previous experience and on management judgement of economic conditions.

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
2. Property, plant and equipment				
Cost				
Computer equipment	85 482	54 075	–	–
Furniture and office equipment	17 983	20 715	–	–
Motor vehicles	59 606	35 236	–	–
	163 071	110 026	–	–
Accumulated depreciation				
Computer equipment	59 535	38 095	–	–
Furniture and office equipment	9 229	13 743	–	–
Motor vehicles	29 232	24 996	–	–
	97 996	76 834	–	–
Carrying amount				
Computer equipment	25 947	15 980	–	–
Furniture and office equipment	8 754	6 972	–	–
Motor vehicles	30 374	10 240	–	–
	65 075	33 192	–	–
The carrying amount of property, plant and equipment can be reconciled as follows:				
Carrying amount at beginning of year	33 192	39 751	–	–
Additions	60 791	19 472	–	–
Disposals	(2 642)	(5 656)	–	–
Depreciation	(26 266)	(20 375)	–	–
Carrying amount at end of year	65 075	33 192	–	–
3. Intangible assets				
Cost				
Capitalised development costs	15 076	15 076	–	–
Trademarks	–	2 718	–	–
Goodwill	23 093	18 031	–	–
	38 169	35 825	–	–
Accumulated amortisation				
Capitalised development costs	15 076	12 797	–	–
Trademarks	–	1 088	–	–
Goodwill	11 050	3 656	–	–
	26 126	17 541	–	–
Carrying amount				
Capitalised development costs	–	2 279	–	–
Trademarks	–	1 630	–	–
Goodwill	12 043	14 375	–	–
	12 043	18 284	–	–
The carrying amount of intangible assets can be reconciled as follows:				
Carrying amount at beginning of year	18 284	24 299	–	–
Acquisition of minority interests	5 062	–	–	–
Disposal of trademark	(1 630)	–	–	–
Amortisation	(9 673)	(6 015)	–	–
Carrying amount at end of year	12 043	18 284	–	–

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
4. Deferred tax				
Balance at beginning of year	11 036	10 240	17	–
Movement during year attributable to temporary differences	7 896	796	(1)	17
Balance at end of year	18 932	11 036	16	17
Deferred tax on temporary differences arising from:				
Assessed losses	8 496	8 468	–	–
Capitalised development costs	990	990	–	–
Provisions and accruals	16 764	4 048	–	–
Pre-paid expenses	(8 099)	(3 251)	16	17
Property, plant and equipment	582	582	–	–
Other	199	199	–	–
	18 932	11 036	16	17
5. Investment in subsidiaries				
Shares, at cost	–	–	100 826	100 826
Loans to subsidiaries	–	–	118 315	146 118
	–	–	219 141	246 944
Impairment of investments	–	–	(121 042)	(121 042)
	–	–	98 099	125 902
The loans bear interest at various rates, are unsecured and not subject to any fixed terms of repayment.				
Details of subsidiary companies are set out in the schedule included after note 24.				
6. Inventory				
Merchandise	6 437	15 521	–	–
7. Share capital				
<i>Authorised</i>				
500 000 000 ordinary shares of 0,1 cent each	500	500	500	500
500 000 000 "N" ordinary shares of 0,001 cent each	5	5	5	5
<i>Issued</i>				
236 977 187 (2002: 233 463 846) ordinary shares of 0,1 cent each	237	233	237	233
Share options	Options			
	2003 '000	2002 '000		
Unexercised at beginning of year	3 550	7 250		
Cancelled during year	(37)	(50)		
Exercised during year	(3 513)	(3 650)		
Unexercised at end of year	–	3 550		

	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
8. Trade and other payables				
Trade payables	47 233	23 403	915	179
Accruals	32 897	18 657	337	50
Value-added tax payable	4 938	3 632	–	–
Other payables	3 160	2 444	42	18
Provisions	19 246	10 455	–	–
– Balance at beginning of year	10 455	14 579	–	–
– Additional provisions charged to income statement	12 040	6 171	–	–
– Unused amounts credited to income statement	(882)	(2 338)	–	–
– Utilised in year	(2 367)	(7 957)	–	–
	107 474	58 591	1 294	247

Provisions consist of the following:

Group	Bonus	Leave pay	Other	Total
	R'000	R'000	R'000	R'000
– Balance at beginning of year	564	6 514	3 377	10 455
– Additional provisions charged to income statement	6 926	3 738	1 376	12 040
– Unused amounts credited to income statement	(32)	(850)	–	(882)
– Utilised in year	(988)	(1 379)	–	(2 367)
	6 470	8 023	4 753	19 246

	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
9. Revenue				
Sale of goods	72 259	63 082	–	–
Services rendered	619 225	462 503	–	–
	691 484	525 585	–	–

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
10. Profit/(Loss) from operations				
<i>Profit/(Loss) from operations is stated after:</i>				
Auditor's remuneration	991	930	97	56
Audit fees	603	615	64	56
Other services	388	315	33	–
Depreciation and amortisation	35 939	26 390	–	–
Amortisation – capitalised development costs	2 279	3 716	–	–
Amortisation – trademarks	–	545	–	–
Amortisation – goodwill	7 394	1 754	–	–
Depreciation – computer equipment	15 569	10 487	–	–
Depreciation – furniture and office equipment	2 833	3 298	–	–
Depreciation – motor vehicles	7 864	6 590	–	–
Directors' emoluments	2 949	2 023	–	100
For services as directors	75	100	–	100
For managerial and other services	2 874	1 923	–	–
Employee costs	138 287	129 315	–	–
Operating lease rentals – leased premises	20 315	19 627	–	–
Profit on disposal of property, plant and equipment	200	679	–	–
Profit on disposal of business	1 086	2 713	–	–
Other costs	10 224	–	6 435	–
Settlement of share options	5 349	–	6 435	–
Provision for loss on loan	4 875	–	–	–

11. Directors' emoluments

Fees and salaries

(R'000)	2003			2002		
	Basic salaries	Bonus	Total	Basic salaries	Bonus	Total
Paid to executive directors	2 294	580	2 874	1 873	50	1 923
– S C P Belamant	1 431	400	1 831	1 200	–	1 200
– H G Kotzé	863	180	1 043	673	50	723
Fees paid to non-executive directors						
– J C Livingstone			75			75
– D A J Donald			–			25
– B J S Hore			–			–
– D G S Muller			–			–

Share options

	Opening balance	('000 shares)		Closing balance	Exercise price per share	Average sales price per share
		Exercised during year	Sold during year			
Executive directors						
– S C P Belamant	600	600	1 200	–	R1,475	R3,51
– H G Kotzé	600	600	1 200	–	R1,475	R3,51
Non-executive directors						
– J C Livingstone	600	600	600	600	R1,475	R2,98
– D A J Donald	–	–	–	–	–	–
– D G S Muller	–	–	–	–	–	–
– B J S Hore	–	–	–	–	–	–

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
12. Income from subsidiaries				
Dividends	–	–	–	–
Administration fees	–	–	240	240
	–	–	240	240
13. Income tax expense				
South African normal tax				
Current year	73 818	44 082	1 303	195
Deferred tax	(7 896)	(796)	1	(17)
Secondary Tax on Companies	3 210	–	3 210	–
	69 132	43 286	4 514	178
	%	%	%	%
<i>Reconciliation of rate of tax:</i>				
South African normal tax rate	30,0	30,0	30,0	30,0
Permanent differences	3,1	(1,1)	(92,0)	0,5
Secondary Tax on Companies	1,6	–	(152,6)	–
Deferred tax not provided on tax losses	–	0,1	–	–
Effective rate of tax	34,7	29,0	(214,6)	30,5
	R'000	R'000	R'000	R'000
Gross estimated tax losses of certain subsidiaries available for utilisation against future taxable income	46 040	32 337	–	–
Applied to increase deferred tax asset	(28 320)	(28 227)	–	–
	17 720	4 110	–	–

	Group	
	2003 R'000	2002 R'000
14. Net asset value per share and earnings per share		
14.1 Net asset value per share (cents)	221,17	179,24
Number of shares in issue at end of year ('000)	236 977	233 464
14.2 Earnings per share (cents)	53,25	45,23
The calculation of earnings per share is based on consolidated net profit attributable to ordinary shareholders of R126,187 million (2002: R104,033 million) and the weighted average number of shares.		
Weighted average number of issued shares ('000)	236 977	230 001
<i>Headline earnings per share (cents)</i>	58,57	44,61
Reconciliation between earnings and headline earnings:		
Profit attributable to ordinary shareholders per financial statements	126 187	104 033
Amortisation of goodwill	7 394	1 754
Profit on disposal of property, plant and equipment, after tax	(140)	(475)
Profit on disposal of business	–	(2 713)
Settlement of share options	5 349	–
Headline earnings	138 790	102 599

Aplitec has no other equity instruments outstanding at the balance sheet date.

15. Operating lease commitments

The Group leases certain premises under operating leases. The minimum future commitments of the Group for leased premises are:

Due	Within	Within	After	Total
	1 year	2 – 5 years	5 years	
	R'000	R'000	R'000	R'000
2003	7 967	5 586	81	13 634
2002	8 062	3 551	–	11 613

	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000

16. Capital commitments

The Group's outstanding capital commitments at the year-end, which have been approved by the directors and contracted for amounted to:

	–	12 643	–	–
--	---	--------	---	---

These commitments will be funded from cash generated from operations.

17. Retirement benefits

The Group Provident Fund was a defined contribution fund, registered in terms of the Pension Funds Act (1965), of which membership was optional. The fund was discontinued and currently the Group provides no retirement benefits.

18. Related party transactions

Light and Livingstone Financial Services CC, in which Mr J C Livingstone (a non-executive director) is a member, performs the company secretarial function for the Group.

19. Cash generated from/(utilised by) operations

Profit/(Loss) before interest and tax	175 868	135 000	(7 249)	(949)
Depreciation and amortisation	35 939	26 390	–	–
Income from subsidiaries	–	–	240	240
Profit on disposal of property, plant and equipment	(200)	(679)	–	–
Profit on disposal of business	(1 086)	(2 713)	–	–
Profit/(Loss) from operations before working capital changes	210 521	157 998	(7 009)	(709)
Working capital changes	20 063	(5 019)	2 311	359
Inventory	9 084	1 078	–	–
Trade and other receivables	(42 906)	(12 019)	1 265	383
Trade and other payables	53 885	5 922	1 046	(24)
	230 584	152 979	(4 698)	(350)

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
20. Tax paid				
Unpaid at beginning of year	(30 396)	(28 795)	(1 452)	(380)
Current tax and secondary tax charged to the income statement	(77 029)	(44 082)	(4 512)	(195)
Unpaid at end of year	50 934	30 396	739	1 452
	(56 491)	(42 481)	(5 225)	877
21. Disposal of business				
Goodwill	1 630	–	–	–
Inventory	–	11	–	–
Trade and other receivables	2 284	1 623	–	–
Cash and cash equivalents	–	702	–	–
Trade and other payables	(5 000)	(136)	–	–
Profit on disposal of business	1 086	2 713	–	–
Cash and cash equivalents received	–	4 913	–	–
Cash and cash equivalents paid	–	(702)	–	–
Net cash inflow	–	4 211	–	–
22. Purchase of minority interests				
Goodwill	(12 432)	–	–	–
Net cash outflow	(12 432)	–	–	–
23. Cash and cash equivalents				
Bank balances and cash	428 549	321 814	8 175	5 911
24. Cash equivalent earnings per share				
<i>Cash equivalent earnings per share (cents)</i>			65,00	54,88
The calculation of cash equivalent earnings per share is based on consolidated cash equivalent earnings attributable to ordinary shareholders of R154,030 million (2002: R126,235 million) and the weighted average number of shares in issue.				
Calculation of cash equivalent earnings:				
Attributable earnings			126 187	104 033
Non-cash items:			35 739	22 998
– Depreciation and amortisation			35 939	26 390
– Profit on disposal of property, plant and equipment			(200)	(679)
– Profit on disposal of business			–	(2 713)
Deferred tax charge for year			(7 896)	(796)
Cash equivalent earnings			154 030	126 235
Weighted average number of issued shares ('000)			236 977	230 001

Details of subsidiaries at 30 June 2003

Name and nature of business	Issued capital R	Percentage held	Cost of investment less goodwill written-off R	Amounts owing R
Directly owned subsidiaries				
Net1 Support Services (Proprietary) Limited Support service, software development and maintenance and deployment of smart card technology	1	100	1	88 166 561
Net1 Southern Africa (Proprietary) Limited Dormant	200	100	2 311 240	2 749 920
Net1 Finance Holdings (Proprietary) Limited Holdings company of micro-finance interests	100	100	100	4 155 715
Net1 Investment Holdings (Proprietary) Limited Patent holder and African operations, distribution of smart cards, electronic credit card and smart card recognition devices	200	100	19 567 645	(25 651 823)
Cash Paymaster Services (Proprietary) Limited Distribution of social welfare grants	4 000	100	13 639 093	(6 833 147)
Indirectly owned subsidiaries				
Commutercard (Proprietary) Limited Dormant	100	100	–	–
Net1 Loyalty (Proprietary) Limited Dormant	100	100	–	–
Net1 Payroll (Proprietary) Limited Dormant	1	100	–	–
Moneyline Financial Services (Proprietary) Limited Micro-finance: short term	1 000	100	–	–
New World Finance (Proprietary) Limited Micro-finance: short and medium term	1 000	100	–	–
Milpay Pay System (Proprietary) Limited Development and implementation of micro-finance technological solutions	400	100	–	–
Friedland 020 Investments (Proprietary) Limited Franchising of micro-finance solutions	100	100	–	–
Net1 Solutions (Proprietary) Limited Dormant	100	100	–	(6 268)
Country on a Card (Proprietary) Limited Development of loyalty programmes	100	100	–	–
Cash Paymaster Services Namibia (Proprietary) Limited Dormant	1	100	–	–
Cash Paymaster Services Gauteng (Proprietary) Limited Dormant	100	100	–	–
Cash Paymaster Services Northern (Proprietary) Limited Distribution of social welfare grants in Northern Province	100	100	–	–

Name and nature of business	Issued capital R	Percentage held	Cost of investment less goodwill written-off R	Amounts owing R
Cash Paymaster Services Northwest (Proprietary) Limited Distribution of social welfare grants in Northwest Province	100	70	–	–
Cash Paymaster Services Mpumalanga (Proprietary) Limited Dormant	100	100	–	–
Cash Paymaster Services Northern Cape (Proprietary) Limited Distribution of social welfare grants in Northern Cape	100	100	–	–
Cash Paymaster Services KwaZulu-Natal (Proprietary) Limited Distribution of social welfare grants in KwaZulu-Natal	100	100	–	–
Cash Paymaster Services Western Cape (Proprietary) Limited Dormant	100	100	–	–
Cash Paymaster Services Eastern Cape (Proprietary) Limited Distribution of social welfare grants in Eastern Cape	100	100	–	–
Siyeza Security Services (Proprietary) Limited Holding company of security interests	100	100	–	–
Friedland 033 Investments (Proprietary) Limited Provision of security services in Gauteng	333	100	–	–
Sinqobile Security Services Northwest (Proprietary) Limited Provision of pension and other security services in Northwest Province	100	100	–	–
Siyeza Security Services Northern Cape (Proprietary) Limited Provision of pension and other security services in Northern Cape	100	100	–	–
Friedland 035 Investments (Proprietary) Limited, trading as Age Secure Provision of financial services to pensioners	100	100	–	–
			35 518 079	62 580 958

Analysis of shareholders at 30 June 2003

	Number of shareholders	Percentage of total	Number of shares	Percentage of total
Size of holding				
1 – 10 000	230	84,6	638 424	0,3
10 001 – 50 000	29	10,7	587 164	0,3
50 001 – 100 000	4	1,5	323 554	0,1
100 001 – 1 000 000	8	2,9	1 758 587	0,7
Over 1 000 000 shares	1	0,3	233 669 458	98,6
	272	100,0	236 977 187	100,0
Classification of holdings				
Insurance companies, corporate bodies and deceased estates	24	8,8	852 352	0,4
Nominee companies	15	5,5	234 007 569	98,7
Individuals	233	85,7	2 117 266	0,9
	272	100,0	236 977 187	100,0
Major shareholders				
Nedcor Bank			60 073 402	25,7
Belamant Serge Christian Pierre			14 237 841	6,1
RMB Asset Management: Momentum Life			9 642 888	4,1
African Harvest Equity Fund			7 930 000	3,4
Franklin Templeton Select Fund			6 273 100	2,7
Allan Gray Balanced Fund			4 594 538	2,0
Investec Unit Trusts			4 542 900	1,9
Allan Gray Investment Solutions			4 445 470	1,9
UT – Allan Gray			3 825 800	1,6
FirstRand Bank Limited			3 758 160	1,6

HISTORICAL FINANCIAL INFORMATION RELATING TO THE APLITEC GROUP FOR THE THREE YEARS ENDED 30 JUNE 2001 [6(f) and 25(3)]

1. Introduction

The business of New Aplitec will be the same as the business of Aplitec and therefore the historical financial information in respect of Aplitec is presented for information purposes.

2. Nature of business

Paragraph 3 of this prospectus sets out the nature of New Aplitec's business.

3. Basis of preparation

The financial information of Aplitec and the Aplitec Group has been extracted and compiled from the audited financial statements of Aplitec for the three financial years ended 30 June 2001. Fisher Hoffman PKF (Jhb) Inc. acted as auditors to Aplitec throughout the period and reported without qualification for these periods. To the extent necessary, all years have been amended to take cognisance of changes in accounting policies.

4. Financial information

The financial information of Aplitec and the Aplitec Group for the three financial years ended 30 June 2001 is set out below:

Balance sheets at 30 June

	Notes	2001 R'000	Group 2000 R'000	1999 R'000	2001 R'000	Company 2000 R'000	1999 R'000
ASSETS							
Non-current assets		74 289	59 565	59 623	120 409	64 932	106 264
Property, plant and equipment	2	39 751	38 915	46 579	–	–	–
Intangible assets	3	24 298	12 020	13 044	–	–	–
Deferred tax	4	10 240	8 630	–	–	–	–
Investment in subsidiaries	5	–	–	–	120 409	64 932	106 264
Current assets		317 966	206 888	164 853	6 005	41	198
Inventory	6	16 611	16 484	7 523	–	–	–
Trade and other receivables		100 474	134 980	84 259	1 768	6	195
Cash and cash equivalents		200 881	55 424	73 071	4 237	35	3
Total assets		392 255	266 453	224 476	126 414	64 973	106 462
EQUITY AND LIABILITIES							
Capital and reserves		309 075	155 543	133 108	125 763	64 553	101 021
Share capital	7	230	199	179	230	199	179
Share premium		123 998	63 684	54 316	123 998	63 684	54 316
Accumulated profit		184 847	91 660	32 102	1 535	670	15
Indebtedness to vendors		–	–	46 511	–	–	46 511
Minority interests		1 580	6 813	3 195	–	–	–
Non-current liabilities		–	–	26 257	–	–	–
Interest-bearing liabilities		–	–	26 209	–	–	–
Deferred taxation		–	–	48	–	–	–
Current liabilities		81 600	104 097	61 916	651	420	5 441
Trade and other payables	8	52 805	76 842	38 377	271	128	5 430
Current portion of interest-bearing borrowings	9	–	4 154	15 201	–	–	–
Tax		28 795	23 101	8 338	380	292	11
Total equity and liabilities		392 255	266 453	224 476	126 414	64 973	106 462
Net asset value per share (cents)	15	134,49	78,32	68,02			

Income statements for the year ended 30 June

	Notes	2001 R'000	Group 2000 R'000	1999 R'000	2001 R'000	Company 2000 R'000	1999 R'000
Revenue	10	557 445	436 860	241 665	–	–	–
– Continuing operations		557 445	433 965	241 665	–	–	–
– Discontinued operations		–	2 895	–	–	–	–
Cost of sales		167 312	133 159	73 409	–	–	–
– Continuing operations		167 312	130 581	73 409	–	–	–
– Discontinued operations		–	2 578	–	–	–	–
Gross profit		390 133	303 701	168 256	–	–	–
– Continuing operations		390 133	303 384	168 256	–	–	–
– Discontinued operations		–	317	–	–	–	–
Other operating income – continuing operations		1 215	324	1 464	3	–	–
Operating expenses – continuing operations		265 592	210 609	137 017	492	290	600
– Distribution costs		2 583	2 538	1 286	–	–	9
– Administration expenses		73 493	44 998	30 318	400	265	364
– Other operating expenses		189 516	163 073	105 413	92	25	227
Operating expenses – discontinued operations		–	14 173	–	–	–	–
– Distribution costs		–	202	–	–	–	–
– Administration expenses		–	3 976	–	–	–	–
– Other operating expenses		–	9 995	–	–	–	–
Profit/(Loss) from operations	11	125 756	79 243	32 703	(489)	(290)	(600)
– Continuing operations		125 756	93 099	32 703	–	–	(600)
– Discontinued operations		–	(13 856)	–	–	–	–
Interest received		11 940	11 560	19 166	361	–	2
– Continuing operations		11 940	11 560	19 166	–	–	2
– Discontinued operations		–	–	–	–	–	–
Finance cost		(954)	(3 510)	(4 946)	–	–	4
– Continuing operations		(954)	(2 550)	(4 946)	–	–	4
– Discontinued operations		–	(960)	–	–	–	–
Income from subsidiaries	13	–	–	–	1 373	1 226	3 090
Profit before tax		136 742	87 293	46 923	1 245	936	2 488
– Continuing operations		136 742	102 109	46 923	–	–	2 488
– Discontinued operations		–	(14 816)	–	–	–	–
Income tax expense	14	42 471	21 766	14 149	380	281	8
– Continuing operations		42 471	27 532	14 149	–	–	8
– Discontinued operations		–	(5 766)	–	–	–	–
Profit after tax		94 271	65 527	32 774	865	655	2 480
– Continuing operations		94 271	74 577	32 774	–	–	2 480
– Discontinued operations		–	(9 050)	–	–	–	–
Minority interests		1 084	5 969	3 000	–	–	–
Net profit for year		93 187	59 558	29 774	865	655	2 480
– Continuing operations		93 187	68 608	29 774	–	–	2 480
– Discontinued operations		–	(9 050)	–	–	–	–
Headline earnings per share (cents)	15	42,23	34,87	17,03			
Earnings per share (cents)	15	41,42	30,27	17,03			
Diluted headline earnings per share (cents)	15	41,56	34,16	16,03			
Diluted earnings per share (cents)	15	40,75	29,65	16,03			
Dividend per share (cents)				1,50			

Statements of changes in equity for the year ended 30 June

	Share capital R'000	Share premium R'000	Accumulated profit R'000	Total R'000
Group				
Balance at 30 June 1998	164	89 007	4 798	93 969
Issue of share capital	15	36 463	–	36 478
Goodwill set-off	–	(71 154)	–	(71 154)
Net profit for year	–	–	29 774	29 774
Dividend paid	–	–	(2 470)	(2 470)
Balance at 30 June 1999	179	54 316	32 102	86 597
Issue of share capital	20	42 217	–	42 237
Share issue cost written-off against share premium	–	(71)	–	(71)
Goodwill written-off	–	(32 778)	–	(32 778)
Net profit for year	–	–	59 558	59 558
Balance at 30 June 2000	199	63 684	91 660	155 543
Issue of share capital	31	60 495	–	60 526
Share issue cost written-off against share premium	–	(181)	–	(181)
Net profit for year	–	–	93 187	93 187
Balance at 30 June 2001	230	123 998	184 847	309 075
Company				
Balance at 30 June 1998	164	89 007	5	89 176
Issue of share capital	15	36 463	–	36 478
Goodwill set-off	–	(71 154)	–	(71 154)
Net profit for year	–	–	2 480	2 480
Dividend paid	–	–	(2 470)	(2 470)
Balance at 30 June 1999	179	54 316	15	54 510
Issue of share capital	20	42 217	–	42 237
Share issue cost written-off against share premium	–	(71)	–	(71)
Goodwill written-off	–	(32 778)	–	(32 778)
Net profit for year	–	–	655	655
Balance at 30 June 2000	199	63 684	670	64 553
Issue of share capital	31	60 495	–	60 526
Share issue cost written-off against share premium	–	(181)	–	(181)
Net profit for year	–	–	865	865
Balance at 30 June 2001	230	123 998	1 535	125 763

Cash flow statements for the year ended 30 June

	Notes	2001 R'000	Group 2000 R'000	1999 R'000	2001 R'000	Company 2000 R'000	1999 R'000
Cash flows from operating activities		136 468	80 483	55 895	(666)	(23 563)	5 065
Cash receipts from customers		594 094	408 620	182 456	1 376	1 227	–
Cash (paid)/received from suppliers and employees		(429 869)	(320 403)	(131 823)	(2 111)	(24 790)	7 537
Cash generated from/(utilised by) operations	20	164 255	88 217	50 633	(735)	(23 563)	7 537
Interest received/(paid)		11 940	11 560	19 166	361	–	(2)
Finance cost		(954)	(3 510)	(4 946)	–	–	–
Tax paid	21	(38 743)	(15 784)	(6 488)	(292)	–	–
Dividends paid		–	–	(2 470)	–	–	(2 470)
Cash flows from investing activities		(27 702)	(46 803)	(27 716)	(67)	4 825	(18 852)
Additions to property, plant and equipment		(21 956)	(37 695)	(8 091)	–	–	–
Proceeds from disposal of property, plant and equipment		282	12 990	2 713	–	–	–
Cash outflow from disposal of joint venture		(66)	–	–	–	–	–
(Acquisition)/Reduction in purchase price of subsidiaries	22	(5 962)	(22 098)	(18 852)	(67)	4 825	(18 852)
Development expenditure		–	–	(3 486)	–	–	–
Cash flows from financing activities		36 691	(51 327)	(36 845)	4 935	18 770	13 790
Proceeds from issue of share capital		40 845	13 053	–	40 845	42 214	–
Repayment of interest bearing borrowings		(4 154)	(11 047)	(127)	–	–	(156)
(Repayment)/Advancement of loans to subsidiaries		–	–	–	(35 910)	3 681	13 946
Repayment of amounts owing to vendors		–	(27 125)	–	–	(27 125)	–
Repayment of non-current borrowings		–	(26 208)	(36 718)	–	–	–
Net increase/(decrease) in cash and cash equivalents		145 457	(17 647)	(8 666)	4 202	32	3
Cash and cash equivalents at beginning of year		55 424	73 071	74 742	35	3	–
Cash on acquisition of subsidiary		–	–	6 995	–	–	–
Cash and cash equivalents at end of year	23	200 881	55 424	73 071	4 237	35	3
Cash equivalent earnings per share (cents)	24	53,01	43,73	27,53			

Notes to the financial statements

1. Accounting policies

The principal accounting bases which are followed by the Group are set out below. These are in agreement with those followed in the previous two years.

1.1 Basis of presentation

The financial statements of the Group are presented on the historical cost basis, which conform with South African Statements of Generally Accepted Accounting Practice.

1.2 Basis of consolidation and goodwill

The consolidated financial statements include those of the holding company and its subsidiaries. The results of subsidiaries are included from the effective dates of their acquisition until the effective dates of their disposal. Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill is capitalised as an intangible asset and amortised on the straight-line basis over the period of the expected benefit, which is estimated at 10 years. Prior to the year ended 30 June 2000, goodwill was set-off against share premium. Inter-company transactions and balances are eliminated on consolidation. Separate disclosure is made of minority interests.

1.3 Property, plant and equipment

Property, plant and equipment are shown at cost less accumulated depreciation. Property, plant and equipment are depreciated on the straight-line basis at rates which are estimated to amortise the assets to their anticipated residual values over their useful lives. Within the following asset classifications, the expected economic lives are approximately:

Computer equipment	3 years
Office equipment	3 years
Vehicles	4 to 5 years
Furniture and fittings	5 to 10 years

1.4 Leased assets

Property, plant and equipment leased in terms of finance leases are capitalised at their cash cost price and the corresponding liabilities are raised. These assets are depreciated on the same basis as the fixed assets owned by the Group. Finance charges are amortised over the duration of the lease according to the effective interest rate method.

1.5 Intangible assets

Intangible assets are shown at cost less accumulated amortisation and are amortised over their useful lives, which is estimated at five years.

1.6 Deferred tax

Deferred tax is provided at current rates on the comprehensive allocation basis, using the liability method. Deferred tax assets are raised to the extent that it is probable that taxable income will be available against which deductible temporary differences and accumulated tax losses can be utilised.

1.7 Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes transport and handling costs.

1.8 Financial instruments

1.8.1 Initial recognition and measurement

Financial instruments are recognised when the Group becomes a party to the transaction. Initial measurements are at cost, which includes transaction costs subsequent to initial recognition. These instruments are measured as set out below.

1.8.2 Trade and other receivables

Trade and other receivables originated by the Group are stated at cost less provision for doubtful debts.

1.8.3 Cash and cash equivalents

Cash and cash equivalents are stated at the bank statement balances.

1.8.4 Trade and other payables

Trade and other payables are carried at their estimated fair value.

1.9 Foreign exchange transactions

Foreign exchange transactions are translated at the spot rate ruling at the date of the transaction. Monetary items are translated at the closing spot rate at the balance sheet date. Exchange differences occurring on the settlement of monetary items or on the reporting of outstanding monetary items, are brought into account as income for the period. Non-monetary items are translated at the spot rate at the date of the transaction or the spot rate on the valuation date if carried at fair value.

1.10 Revenue

Revenue comprises sales to customers, fees and interest on loans.

Revenue recognition

Revenue from sales of merchandise is brought to account when the commercial risk in the goods passes to the customer. Revenue from fee-based activities is recognised when the subsequent receipt thereof is certain. Interest is accounted for on the accrual basis.

1.11 Research and development expenditure

Research expenditure is written-off in the period in which it is incurred. Development expenditure is capitalised until the operation to which it relates commences trading. The expenditure is then written-off on the straight-line basis over the life of the product, which is estimated at four years. Where the project is terminated, the related development expenditure is written-off immediately.

	2001	Group	1999	2001	Company	1999
	R'000	2000	R'000	R'000	2000	R'000
		R'000			R'000	
2. Property, plant and equipment						
<i>Cost</i>						
Computer equipment	49 436	36 976	28 778	–	–	–
Furniture and office equipment	19 240	16 615	13 170	–	–	–
Motor vehicles – owned	71 524	32 648	60 562	–	–	–
Motor vehicles – leased	–	55 475	27 493	–	–	–
	140 200	141 714	130 003	–	–	–
<i>Accumulated depreciation</i>						
Computer equipment	29 746	24 346	16 587	–	–	–
Furniture and office equipment	11 753	10 089	7 939	–	–	–
Motor vehicles – owned	58 950	19 683	51 098	–	–	–
Motor vehicles – leased	–	48 681	7 800	–	–	–
	100 449	102 799	83 424	–	–	–
<i>Carrying amount</i>						
Computer equipment	19 690	12 630	12 191	–	–	–
Furniture and office equipment	7 487	6 526	5 231	–	–	–
Motor vehicles – owned	12 574	12 965	9 464	–	–	–
Motor vehicles – leased	–	6 794	19 693	–	–	–
	39 751	38 915	46 579	–	–	–
The carrying amount of property, plant and equipment can be reconciled as follows:						
Carrying amount at beginning of year	38 915	46 579	3 663	–	–	–
Acquisition of subsidiaries	456	2 381	59 259	–	–	–
Additions	21 956	34 979	8 091	–	–	–
Disposals	(30)	(15 566)	(2 263)	–	–	–
Depreciation	(21 546)	(29 458)	(22 171)	–	–	–
Depreciation capitalised as part of development expenditure	–	–	701	–	–	–
Depreciation per income statement	21 546	29 458	21 470	–	–	–
Carrying amount at end of year	39 751	38 915	46 579	–	–	–

	2001	Group	1999	2001	Company	1999
	R'000	2000	R'000	R'000	2000	R'000
		R'000			R'000	
3. Intangible assets						
<i>Cost</i>						
Capitalised development costs	15 076	14 431	14 431	–	–	–
Trademarks	2 718	2 718	–	–	–	–
Goodwill	18 031	–	–	–	–	–
	35 825	17 149	14 431	–	–	–
<i>Accumulated amortisation</i>						
Capitalised development costs	9 081	5 129	1 387	–	–	–
Trademarks	543	–	–	–	–	–
Goodwill	1 902	–	–	–	–	–
	11 526	5 129	1 387	–	–	–
<i>Carrying amount</i>						
Capitalised development costs	5 995	9 302	13 044	–	–	–
Trademarks	2 175	2 718	–	–	–	–
Goodwill	16 129	–	–	–	–	–
	24 299	12 020	13 044	–	–	–
The carrying amount of intangible assets can be reconciled as follows:						
Carrying amount at beginning of year	12 020	13 044	10 752	–	–	–
Acquisition of subsidiaries	18 677	2 718	–	–	–	–
Additions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Amortisation	(6 398)	(3 742)	(1 194)	–	–	–
Development expenditure capitalised	–	–	3 486	–	–	–
Carrying amount at end of year	24 299	12 020	13 044	–	–	–
4. Deferred tax						
Balance at beginning of year	8 630	(48)	(759)	–	–	–
Acquisition of subsidiaries	(193)	–	(1 691)	–	–	–
Movement during the year attributable to temporary differences	1 803	8 678	2 402	–	–	–
Balance at end of year	10 240	8 630	(48)	–	–	–
Deferred tax on temporary differences arising from:						
Assessed losses	16 909	12 880	3 934	–	–	–
Capitalised development costs	(125)	–	(3 790)	–	–	–
Provisions	1 869	2 352	1 140	–	–	–
Pre-paid expenses	(8 625)	(5 553)	(456)	–	–	–
Property, plant and equipment	13	(1 248)	(419)	–	–	–
Other	199	199	(457)	–	–	–
	10 240	8 630	(48)	–	–	–

	Group			Company		
	2001	2000	1999	2001	2000	1999
	R'000	R'000	R'000	R'000	R'000	R'000
5. Investment in subsidiaries						
Shares, at cost	–	–	–	100 826	81 259	86 132
Loans to subsidiaries	–	–	–	140 625	104 715	108 396
	–	–	–	241 451	185 974	194 528
Goodwill written-off	–	–	–	(121 042)	(121 042)	(88 264)
	–	–	–	120 409	64 932	106 264

The loans are interest free, unsecured and not subject to any fixed terms of repayment.

6. Inventory

Merchandise	16 611	16 484	7 523	–	–	–
-------------	---------------	--------	-------	---	---	---

7. Share capital

Authorised

500 000 000 ordinary shares of 0,1 cent each	500	500	500	500	500	500
500 000 000 "N" ordinary shares of 0,001 cent each	5	5	5	5	5	5

Issued

229 813 854 (2000:198 599 191) ordinary shares of 0,1 cent each	230	199	179	230	199	179
---	------------	-----	-----	------------	-----	-----

Three empowerment investment companies have the right to subscribe for 16 000 000 ordinary shares of 0,1 cent each in Aplitec at an issue price of 100 cents per share within 90 days of being served with an exercise notice by Aplitec at any time between 1 October 1999 and 30 September 2002.

In the event that no exercise notice is served by Aplitec before 30 September 2002, the option holders will be entitled to exercise the options by tendering to Aplitec the subscription price of 100 cents per share before 31 December 2002.

Share options	Options		
	2001	2000	1999
	'000	'000	'000
Unexercised at beginning of year	11 025	–	–
Granted during year	–	11 025	–
Cancelled during year	(150)	–	–
Exercised during year	(3 625)	–	–
Unexercised at end of year	7 250	11 025	–

	Group			Company		
	2001	2000	1999	2001	2000	1999
	R'000	R'000	R'000	R'000	R'000	R'000

8. Trade and other payables

Trade payables	27 305	28 537	7 337	60	–	–
Accruals	5 189	4 286	3 836	193	128	5 373
Value-added tax payable	5 579	568	2 076	–	–	58
Amounts due in respect of acquisitions	–	18 000	–	–	–	19 385
Other payables	153	5 148	290	18	–	–
Provisions	14 579	20 303	24 838	–	–	–

– Balance at beginning of year	20 303	24 839	–	–	–	–
– Arising on acquisition of subsidiaries	–	–	9 523	–	–	–
– Additional provisions charged to the income statement	12 868	–	–	–	–	–
– Amounts charged/(credited) to the income statement	(10 194)	–	15 315	–	–	–
– Utilised in year	(8 398)	(4 536)	–	–	–	–
	52 805	76 842	38 377	271	128	24 816

Provisions consist of the following:

Group	Bonus R'000	Leave pay R'000	Establishment		Costs R'000	Sundry R'000
			Insurance R'000			
– Balance at beginning of year	5 222	4 597	2 500		1 130	6 854
– Additional provisions charged to the income statement	5 163	3 177	–		–	4 528
– Unused amounts credited to the income statement	–	(12)	(2 500)		–	(7 682)
– Utilised in year	(7 482)	(726)	–		–	(190)
	2 903	7 036	–		1 130	3 510

	Group			Company		
	2001 R'000	2000 R'000	1999 R'000	2001 R'000	2000 R'000	1999 R'000

9. Interest-bearing borrowings

	Average closing interest rate						
<i>Secured</i>							
Bank overdraft		–	–	22 004	–	–	–
Capitalised finance leases	13,75%	–	4 154	19 406	–	–	–
Current portion		–	(4 154)	(15 201)	–	–	–
Non-current portion		–	–	26 209	–	–	–

Repayments

Repayable during 12 months to							
30 June 2000		–	–	15 201	–	–	–
30 June 2001		–	4 154	26 209	–	–	–
		–	4 154	41 410	–	–	–

All amounts are repayable in South African Rand. The bank overdraft facility of Cash Paymaster Services (Proprietary) Limited is secured by a cession of bank balances, trade and other receivables and by a general notarial bond over all unencumbered moveable assets of Cash Paymaster Services (Proprietary) Limited.

The capitalised financial leases are secured by certain vehicles with an aggregate carrying amount of

	–	6 794	19 693	–	–	–
--	---	-------	--------	---	---	---

10. Revenue

Sale of goods	98 993	66 743	23 668	–	–	–
Services rendered	458 452	370 117	217 997	–	–	–
	557 445	436 860	241 665	–	–	–

	Group			Company		
	2001	2000	1999	2001	2000	1999
	R'000	R'000	R'000	R'000	R'000	R'000
11. Profit/(Loss) from operations						
<i>Profit/(Loss) from operations is stated after:</i>						
Audit fees	632	633	552	56	36	27
Depreciation and amortisation	27 944	33 200	22 664	–	–	–
Amortisation – capitalised development costs	3 953	3 742	1 194	–	–	–
Amortisation – trademarks	543	–	–	–	–	–
Amortisation – goodwill	1 902	–	–	–	–	–
Depreciation – property, plant and equipment	21 546	29 458	21 470	–	–	–
Directors' emoluments	1 855	1 340	1 515	25	25	75
For services as directors	25	25	75	25	25	75
For managerial and other services	1 830	1 315	1 440	–	–	–
Employee costs	134 002	119 427	73 800	–	–	–
Operating lease rentals – leased premises	19 555	17 075	9 766	–	–	–
Profit on disposal of property, plant and equipment	252	115	73	–	–	–
Loss on disposal of property, plant and equipment	–	2 690	22	–	–	–
Loss on disposal of joint venture	188	–	–	–	–	–

12. Directors' emoluments

	Basic salaries (R'000)	Share options exercised ('000 shares)
Paid to executive directors in 2001	1 830	1 200
– S C P Belamant	1 200	600
– H G Kotzé	630	600

	Fees paid (R'000)	Share options exercised ('000 shares)
Paid to non-executive directors	25	600
– D A J Donald	25	–
– J C Livingstone	–	600

	Group			Company		
	2001	2000	1999	2001	2000	1999
	R'000	R'000	R'000	R'000	R'000	R'000
13. Income from subsidiaries						
Dividends	–	–	–	–	–	2 470
Administration fees	–	–	–	240	120	620
Interest	–	–	–	1 133	1 106	–
	–	–	–	1 373	1 226	3 090

	2001	Group	1999	2001	Company	1999
	R'000	2000	R'000	R'000	2000	R'000
14. Income tax expenses						
South African normal tax						
Current year	44 014	30 095	13 866	380	281	8
Deferred tax	(1 803)	(8 678)	(2 402)	–	–	–
Secondary Tax on Companies	260	–	309	–	–	–
Foreign taxes – Namibia	–	349	2 376	–	–	–
	42 471	21 766	14 149	380	281	8
	%	%	%	%	%	%
<i>Reconciliation of rate of tax:</i>						
South African normal tax rate	30,0	30,0	30,0	30,0	30,0	30,0
Permanent differences	0,7	0,1	(2,2)	0,5	–	(29,7)
Secondary Tax on Companies	0,2	–	0,7	–	–	–
Deferred tax not provided on tax losses	0,2	–	3,5	–	–	–
Tax losses utilised	–	(5,2)	(1,8)	–	–	–
Effective rate of tax	31,1	24,9	30,2	30,5	30,0	0,3
	R'000	R'000	R'000	R'000	R'000	R'000
Gross estimated tax losses of certain subsidiaries available for utilisation against future taxable income	18 211	29 500	20 836	–	–	–
Applied to increase deferred tax asset	(18 211)	(29 500)	(3 100)	–	–	–
Net estimated tax losses carried forward	–	–	17 736	–	–	–
				2001	Group	1999
15. Net asset value per share and earnings per share						
15.1 Net asset value per share (cents)				134,49	78,32	68,02
Number of shares in issue at end of year ('000)				229 814	198 599	178 565
Number of shares including anticipated number of shares to be issued to vendors ('000)				–	–	195 684

	2001	Group	1999
	R'000	2000	R'000
		R'000	R'000
15.2 Earnings per share (cents)	41,42	30,27	17,03
<i>Diluted earnings per share (cents)</i>	40,75	29,65	16,03
The calculation of earnings per share is based on consolidated net profit attributable to ordinary shareholders of R93,187 million (2000: R59,558 million, 1999: R29,774 million) and the weighted average number of shares.			
The diluted earnings per share is calculated on consolidated net profit attributable to ordinary shareholders of R93,187 million (2000: R59,558 million, 1999: R29,774 million) and the diluted weighted average number of shares. The difference between the number of shares used in the earnings per share and the diluted earnings per share is as a result of the bonus element of the share option.			
Weighted average number of issued shares ('000)	225 004	196 767	174 790
Bonus element of share option ('000)	3 657	4 071	–
Anticipated number of shares to be issued to vendors ('000)	–	–	10 976
Diluted weighted average number of shares ('000)	228 661	200 838	185 766
<i>Headline earnings per share (cents)</i>	42,23	34,87	17,03
<i>Diluted headline earnings per share (cents)</i>	41,56	34,16	16,03
Reconciliation between earnings and headline earnings:			
Profit attributable to ordinary shareholders per financial statements	93 187	59 558	29 774
Loss after taxation attributable to discontinued operations	–	9 050	4 757
Amortisation of goodwill	1 902	–	–
Profit on disposal of property, plant and equipment	(252)	–	–
Loss on disposal of joint venture	188	–	–
Headline earnings	95 025	68 608	34 531

Aplitec has no other equity instruments outstanding at the balance sheet date.

16. Operating lease commitments

The Group leases certain premises under operating leases. The minimum future commitments of the Group for leased premises are:

Due:	Within	Within	After	Total
	1 year	2 – 5 years	5 years	R'000
	R'000	R'000	R'000	
2001	15 964	9 411	–	25 375
2000	10 208	18 810	–	29 018
1999	2 524	29 018	–	31 542

	Group			Company		
	2001	2000	1999	2001	2000	1999
	R'000	R'000	R'000	R'000	R'000	R'000
	3 200	3 563	67 982	–	–	–

17. Capital commitments

The Group's outstanding capital commitments at the year-end, which have been approved by the directors and contracted for amounted to

	3 200	3 563	67 982	–	–	–
--	--------------	-------	--------	---	---	---

These commitments will be funded from cash generated from operations.

18. Retirement benefits

The Group Provident Fund is a defined contribution fund and is registered in terms of the Pension Funds Act, 1956. Membership of the fund is optional.

19. Related party transactions

On 12 July 2000, Aplitec announced the acquisition of the entire share capital of Net1 Investment Holdings (Proprietary) Limited for R19 500 000, payable by the issue of 9 750 000 Aplitec shares at an issue price of R2,00 per share. Dr S C P Belamant, an executive director of Aplitec, was an 84% shareholder in Net1 Investment Holdings (Proprietary) Limited and received 8 190 000 Aplitec shares accordingly. The purchase price was certified as fair and reasonable by Deloitte & Touche, Chartered Accountants (SA).

Light and Livingstone Financial Services CC, in which Mr J C Livingstone (a non-executive director) is a member, performs the company secretarial function for the Group.

	Group			Company		
	2001 R'000	2000 R'000	1999 R'000	2001 R'000	2000 R'000	1999 R'000
20. Cash generated from operations						
Profit before interest and tax	125 756	79 243	32 703	884	936	2 490
Depreciation and amortisation	27 944	33 200	22 664	–	–	–
Profit on disposal of property, plant and equipment	(252)	(115)	(51)	–	–	–
Loss on disposal of property, plant and equipment	–	2 690	–	–	–	–
Loss on disposal of joint venture	188	–	–	–	–	–
Profit from operations before working capital changes	153 636	115 018	55 316	884	936	2 490
<i>Working capital changes</i>	10 589	(26 801)	(4 683)	(1 619)	(24 499)	5 047
Inventory	(98)	(8 578)	499	–	–	–
Trade and other receivables	34 331	(32 192)	(1 101)	(1 762)	189	(101)
Trade and other payables	(23 644)	13 969	(4 081)	143	(24 688)	5 148
	164 225	88 217	50 633	(735)	(23 563)	7 537

21. Tax paid

Unpaid at beginning of year	(23 101)	(8 338)	(1 722)	(292)	(11)	(3)
Unpaid on acquisition of subsidiary	(246)	(103)	3 447	–	–	–
Unpaid on disposal of joint venture	83	–	–	–	–	–
Current tax and secondary tax charged to the income statement	(44 274)	(30 444)	(16 551)	(380)	(281)	(8)
Unpaid at end of year	28 795	23 101	8 338	380	292	11
	(38 743)	(15 784)	(6 488)	(292)	–	–

22. Acquisition of subsidiaries

Property, plant and equipment	1 101	2 381	59 259	1 101	–	59 259
Inventory	29	383	–	29	–	–
Trade and other receivables	715	18 530	80 908	715	–	80 908
Cash and cash equivalents	912	2 106	6 995	912	–	6 995
Liabilities	–	–	(78 378)	–	–	(78 378)
Trade and other payables	(293)	(5 110)	(39 481)	(293)	–	(39 481)
Tax	(246)	(103)	3 447	(246)	–	3 447
Deferred tax	(193)	–	(1 691)	(193)	–	(1 691)
Goodwill	17 886	32 779	70 977	17 542	(4 825)	70 977
Minority interests	6 317	2 351	(196)	–	–	(196)
Acquisition costs incurred	146	–	177	–	–	177
Cost price of subsidiary	26 374	53 317	102 017	19 567	(4 825)	102 017
Shares issued at a premium	(19 500)	(29 113)	(83 165)	(19 500)	–	(83 165)
Cash purchase price	6 874	24 204	18 852	67	(4 825)	18 852
Cash and cash equivalents acquired	(912)	(2 106)	(6 995)	–	–	–
Net cash outflow	5 962	22 098	11 857	67	(4 825)	18 852

	2001 R'000	Group 2000 R'000	1999 R'000	2001 R'000	Company 2000 R'000	1999 R'000
23. Cash and cash equivalent						
Bank balances and cash	200 944	58 921	73 477	4 237	35	3
Bank overdrafts	(63)	(3 497)	(406)	–	–	–
	200 881	55 424	73 071	4 237	35	3

24. Cash equivalent earnings per share

<i>Cash equivalent earnings per share (cents)</i>	53,01	43,73	27,53			
---	--------------	-------	-------	--	--	--

The calculation of cash equivalent earnings per share is based on consolidated cash equivalent earnings attributable to ordinary shareholders of R119,264 million (2000: R86,047 million) and the weighted average number of shares in issue.

Calculation of cash equivalent earnings:

Attributable earnings	93 187	59 558	28 774	–	–	–
Non-cash items	27 880	35 167	22 554	–	–	–
– Depreciation and amortisation	27 944	33 200	22 667	–	–	–
– Profit on disposal of property, plant and equipment	(252)	(115)	–	–	–	–
– Loss/(Profit) on disposal of property, plant and equipment	–	2 690	(51)	–	–	–
– Loss on disposal of joint venture	188	–	–	–	–	–
– Adjustment for minority interests in non-cash items	–	(608)	(62)	–	–	–
Deferred tax charge for year	(1 803)	(8 678)	(2 402)	–	–	–
Cash equivalent earnings	119 264	86 047	49 926	–	–	–
Weighted average number of issued shares ('000)	225 004	196 767	174 790	–	–	–

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE APLITEC GROUP [25(1) and 26]

"The Directors
Net1 Applied Technologies South Africa Limited
Private Bag X1
Northlands
2116

11 May 2004

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION OF NET1 APPLIED TECHNOLOGY HOLDINGS LIMITED ("APLITEC") TO THE DIRECTORS OF NET1 APPLIED TECHNOLOGIES SOUTH AFRICA LIMITED ("NEW APLITEC")**Introduction**

At your request and for the purpose of the prospectus to New Aplitec shareholders, to be dated on or about 17 May 2004 ("this prospectus"), we present our report on the financial information presented in the reports of historical financial information relating to the Aplitec Group, included as Annexures 3, 4 and 5 to this prospectus.

Responsibility

We have reviewed the historical financial information of Aplitec relating to the six months ended 31 December 2003 and audited the financial years ended on 30 June 1999, 2000, 2001, 2002 and 2003, as presented in the reports on the historical financial information relating to the Aplitec Group set out as Annexures 3, 4 and 5 to this prospectus.

The compilation, contents and presentation of this prospectus and the reports of historical financial information are the responsibility of the directors of New Aplitec. Our responsibility is to express an opinion on the financial information presented in the reports of historical financial information of Aplitec included in this prospectus.

Scope

We conducted our review of the six months ended 31 December 2003 in accordance with the Statements of South African Auditing Standards applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance that the financial statements are free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit in respect of the six months ended 31 December 2003 and, accordingly, we do not express an audit opinion thereon.

We conducted our audit of the financial years ended 30 June 1999, 2000, 2001, 2002 and 2003 in accordance with Statements of South African Auditing Standards. These standards require that we plan and perform our work to obtain reasonable assurance that the historical financial information is free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures of the above-mentioned historical financial information. The evidence obtained included that previously obtained by us relating to the audit of the financial statements underlying the financial information;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall historical financial information presentation.

We believe that our audit provides a reasonable basis for our audit opinion.

Opinion

In our opinion, the historical financial information of Aplitec and the Aplitec Group relating to the six months ended 31 December 2003 and the financial years ended 30 June 1999, 2000, 2001, 2002 and 2003 fairly presents, in all material respects, for the purposes of this prospectus, the financial position of Aplitec and the Aplitec Group at those dates and the results of its operations and cash flows for the financial periods then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Yours faithfully

FISHER HOFFMAN PKF (JHB) INC.
(Registration number 1994/001166/21)
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg

PRO FORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION IN RESPECT OF NEW APLITEC ASSUMING REVERSE ACQUISITION ACCOUNTING [30]

Set out below is a pro forma consolidated balance sheet of New Aplitec, compiled on the basis of the reviewed consolidated balance sheet of the Aplitec Group at 31 December 2003, suitably adjusted for the cash reserves which are not being acquired by New Aplitec in terms of the acquisition assuming that all Aplitec shareholders elect the reinvestment option in full.

The pro forma consolidated historical financial information has been prepared for illustrative purposes only and sets out the financial results of the operations as well as the financial position of New Aplitec on the assumptions that the acquisition took place on 1 July 2003 for income statement purposes and 31 December 2003 for balance sheet purposes.

The unaudited pro forma consolidated balance sheet and income statement, represent the consolidation of the assets, liabilities, income and expenses of New Aplitec. Because of its nature, the unaudited pro forma balance sheet and income statement may not give a fair reflection of New Aplitec's financial position and performance and may be different to the ultimate new group and are included for illustrative purposes only.

NEW APLITEC
PRO FORMA BALANCE SHEET
31 December 2003

	Notes	Aplitec R'000	Adjustments R'000	New Aplitec R'000
ASSETS				
Non-current assets				
Property, plant and equipment		63 241		63 241
Goodwill		8 535		8 535
Deferred tax		23 668		23 668
Total non-current assets		95 444		95 444
Current assets				
Inventories		5 745		5 745
Trade and other receivables		138 543		138 543
Cash and cash equivalent	1	492 754	(220 442)	272 312
Total current assets		637 042	(220 442)	416 600
Total assets		732 486	(220 442)	512 044
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		237	(66)	171
Preference share capital		–	237	237
Share premium	2	134 497	358 577	493 074
Accumulated profit		427 265	(427 265)	–
Distribution to shareholders	3	–	(643 201)	(643 201)
Linked loans – ordinary shareholders	4	–	172 361	172 361
Linked loans – preference shareholders	4	–	239 357	239 357
Total capital and reserves		561 999	(300 000)	261 999
Current liabilities				
Trade and other payables	1	108 520	79 558	188 078
Taxation		61 967		61 967
Total current liabilities		170 487	79 558	250 045
Total equity and liabilities		732 486	(220 442)	512 044
Number of shares in issue		236 977 187		407 625 098
Net asset value per share (cents)		237,2		64,3
Net tangible asset value per share (cents)		223,6		56,4

NEW APLITEC
PRO FORMA INCOME STATEMENT
for the six months ended 31 December 2003

	Notes	Aplitec R'000	Adjustments R'000	New Aplitec R'000
Revenue		390 742		390 742
Direct operational costs		129 363		129 363
Gross operating profit		261 379		261 379
Operating expenses		156 373		156 373
Distribution costs		7 053		7 053
Administration expenses		36 586		36 586
Other operating expenses		109 037		109 037
Amortisation of goodwill		3 697		3 697
Profit from operations		105 006		105 006
Interest received	5	11 160	(4 992)	6 168
Profit before taxation		116 166	(4 992)	111 174
Taxation	6	42 740	(1 498)	41 242
Profit after tax		73 426	(3 494)	69 932
Weighted number of shares in issue		236 977 187		407 625 098
Earnings per share	7	31,0		17,2
Headline earnings per share	7	32,5		18,1

**NOTES TO THE PRO FORMA
HISTORICAL FINANCIAL INFORMATION**

1. Cash and cash equivalents

Funded by cash left in Aplitec	(300 000)
Provision for STC/CGT costs	79 558
	<u>(220 442)</u>

2. Share premium

Ordinary share premium	57 283
Preference share premium	435 791
	<u>493 074</u>

3. Distribution to shareholders

The distribution to shareholders arises as in terms of South African Statements of Generally Accepted Accounting Practice, AC 131, the transaction has been accounted for as a reverse acquisition. Under reverse acquisition accounting, the assets and liabilities of Aplitec that are acquired by New Aplitec are not fair valued on acquisition, no goodwill arises and any difference between the gross purchase price and the carrying value of those assets and liabilities is recognised as a debit to equity which is, in essence, a distribution to shareholders.

4. Linked loans

All the issued ordinary and preference shares are linked to loans and are termed combined units. Each combined unit comprises one share and one loan and may only be traded as such.

5. Interest received

The interest received figure has been recalculated to take into account the reduced cash balance.

6. Taxation

The adjustment to taxation relates to the reduced interest received figure.

7. Headline earnings per share

	R'000	R'000
Earnings per share	73 426	69 932
Amortisation of goodwill	3 697	3 697
Headline earnings per share	77 123	73 629

8. Basis of preparation

The principal accounting policies applied for the pro forma financial information are in conformity with the historical accounting policies of Aplitec.

PRO FORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION IN RESPECT OF NEW APLITEC ASSUMING FAIR VALUE ACCOUNTING [30]

Set out below is a pro forma consolidated balance sheet of New Aplitec, compiled on the basis of the reviewed consolidated balance sheet of the Aplitec Group at 31 December 2003, suitably adjusted for the cash reserves which are not being acquired by New Aplitec in terms of the acquisition, assuming that all Aplitec shareholders who have not provided irrevocable undertakings or indications of support to accept the reinvestment option, elect the cash option.

The pro forma consolidated historical financial information has been prepared for illustrative purposes only and sets out the financial results of the operations as well as the financial position of New Aplitec on the assumptions that the acquisition took place on 1 July 2003 for income statement purposes and 31 December 2003 for balance sheet purposes.

The unaudited pro forma consolidated balance sheet and income statement, represent the consolidation of the assets, liabilities, income and expenses of New Aplitec. Because of its nature, the unaudited pro forma balance sheet and income statement may not give a fair reflection of New Aplitec's financial position and performance and may be different to the ultimate new group and are included for illustrative purposes only.

NEW APLITEC
PRO FORMA BALANCE SHEET
31 December 2003

	Notes	Aplitec R'000	Adjustments R'000	New Aplitec R'000
ASSETS				
Non-current assets				
Property, plant and equipment		63 241		63 241
Goodwill	1	8 535	483 821	492 356
Intangibles	2		184 535	184 535
Deferred tax		23 668		23 668
Total non-current assets		95 444	668 356	763 800
Current assets				
Inventories		5 745		5 745
Trade and other receivables		138 543		138 543
Cash and cash equivalent	3	492 754	(242 452)	250 302
Total current assets		637 042	(242 452)	394 590
Total assets		732 486	425 904	1 158 390
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		237	(66)	171
Preference share capital		–	237	237
Share premium	4	134 497	358 577	493 074
Accumulated profit		427 265	(427 265)	–
Linked loans – ordinary shareholders	5	–	172 361	172 361
Linked loans – preference shareholders	5	–	239 357	239 357
Total capital and reserves		561 999	343 201	905 200
Current liabilities				
Trade and other payables	2	108 520	82 703	191 223
Taxation		61 967		61 967
Total current liabilities		170 487	82 703	253 190
Total equity and liabilities		732 486	425 904	1 158 390
Number of shares in issue		236 977 187		407 625 098
Net asset value per share (cents)		237,2		222,1
Net tangible asset value per share (cents)		223,6		50,2

NEW APLITEC
PRO FORMA INCOME STATEMENT
for the six months ended 31 December 2003

	Notes	Aplitec R'000	Adjustments R'000	New Aplitec R'000
Revenue		390 742		390 742
Direct operational costs		129 363		129 363
Gross operating profit		261 379		261 379
Operating expenses		156 373	53 103	209 476
Distribution costs		7 053		7 053
Administration expenses		36 586		36 586
Other operating expenses		109 037		109 037
Amortisation of intangibles	2	–	28 912	28 912
Amortisation of goodwill	1	3 697	24 191	27 888
Profit from operations		105 006	(53 103)	51 903
Interest received	6	11 160	(5 491)	5 669
Profit before taxation		116 166	(58 594)	57 572
Taxation	7	42 740	(1 647)	41 093
Profit after tax		73 426	(56 947)	16 479
Weighted number of shares in issue		236 977 187		407 625 098
Earnings per share		31,0		4,0
Headline earnings per share	8	32,5		10,9

**NOTES TO THE PRO FORMA
HISTORICAL FINANCIAL INFORMATION**

1. Goodwill

The goodwill arising on the acquisition has been amortised over a period of 10 years.

2. Intangibles

Intangible assets comprise:

	Intangible R'000	Estimated useful life years
CPS Contracts	113 510	2,7
Support Services Software	71 025	4,5
	<u>184 535</u>	

Intangibles are amortised over their estimated useful lives.

3. Cash and cash equivalents

Funded by cash left in Aplitec	(325 155)
Provision for STC/CGT costs	82 703
	<u>(242 452)</u>

4. Share premium

Ordinary share premium	57 283
Preference share premium	435 791
	<u>493 074</u>

5. **Linked loans**

All the issued ordinary and preference shares are linked to loans and are termed combined units. Each combined unit comprises one share and one loan and may only be traded as such.

6. **Interest received**

The interest received figure has been recalculated to take into account the reduced cash balance.

7. **Taxation**

The adjustment to taxation relates to the reduced interest received figure.

8. **Headline earnings per share**

	R'000	R'000
Earnings per share	73 426	16 479
Amortisation of goodwill	3 697	27 888
Headline earnings per share	77 123	44 367

9. **Basis of preparation**

The principal accounting policies applied for the pro forma financial information are in conformity with the historical accounting policies of Aplitec.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF NEW APLITEC

"The Directors
Net1 Applied Technologies South Africa Limited
Private Bag X1
Northlands
2116

11 May 2004

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS AND INCOME STATEMENTS ("pro forma financial information") ON NET1 APPLIED TECHNOLOGIES SOUTH AFRICA LIMITED ("New Aplitec")**1. INTRODUCTION**

The pro forma financial information in Annexures 7 and 8 to the prospectus has been prepared, for illustrative purposes only, to provide information on the consolidated financial results and position of New Aplitec. Because of its nature, the pro forma financial information may not give a fair reflection of New Aplitec's financial results and position.

At your request and for the purpose of the prospectus, we present our report on the pro forma financial information on the consolidated financial results and position of New Aplitec.

2. RESPONSIBILITIES

The directors of New Aplitec are solely responsible for the preparation of the pro forma financial information to which this reporting accountant's report relates and for the financial statements and financial information from which it has been prepared.

It is our responsibility to report on the pro forma financial information and to report to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information, beyond that owed to those to whom those reports were addressed at their dates of issue.

3. SCOPE

Our work, which did not involve any independent examination of any of the underlying financial information, consisted primarily of agreeing the unadjusted financial information to the reviewed financial statements of Net1 Applied Technology Holdings Limited ("Aplitec") for the six months ended 31 December 2003, considering the evidence supporting the adjustments, reperforming the calculations based on the information obtained and discussing the pro forma financial information with the directors of New Aplitec.

Because the above procedures do not constitute either an audit or review done in accordance with Statements of South African Auditing Standards, we do not express any assurance on the pro forma financial information, save for that detailed below.

Had we performed additional procedures or had we performed an audit or review of the pro forma financial information in accordance with the South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

4. REPORT

We report that nothing has come to our attention that causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of New Aplitec;
- the adjustments are inappropriate for the purposes of the pro forma financial information as disclosed.

Yours faithfully

FISHER HOFFMAN PKF (JHB) INC.
(Registration number 1994/001166/21)
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg”

SALIENT FEATURES OF THE NEW APLITEC PARTICIPATION TRUST

1. The New Aplitec Participation Trust is a bewind trust as contemplated in part (b) of the definition of “trust” in section 1 of the Trust Property Control Act, 57 of 1988, established by New Aplitec.
2. The New Aplitec Participation Trust has been established for the benefit of the unit holders.
3. The unit holders will be those Aplitec shareholders who exercise the reinvestment option and/or the Brait Group to the extent that they underwrite the reinvestment option.
4. The unit holders will receive one unit in the New Aplitec Participation Trust for each Aplitec share in respect of which they exercise the reinvestment option, credited as fully paid-up.
5. Each unit in the New Aplitec Participation Trust will represent a capital contribution of 183,996 cents and a loan contribution of 101,004 cents.
6. For each Aplitec ordinary share in respect of which the reinvestment option is exercised, the New Aplitec Participation Trust will subscribe for one New Aplitec B class preference share and extend one B class loan to New Aplitec, credited as fully paid-up.
7. The New Aplitec B class preference shares and B class loans shall be the sole assets of the New Aplitec Participation Trust and each unit holder shall have a vested right thereto in accordance with the terms of the reinvestment option.
8. A term of the New Aplitec Participation Trust is that units are not transferable between unit holders or to third parties.
9. The New Aplitec B class preference shares and B class loans held by the New Aplitec Participation Trust in New Aplitec are linked together and may not be transferred, except in connection with a conversion of NUEP special convertible preference shares into NUEP common stock referred to in paragraph 21 below.
10. The trust assets will be owned by the unit holders, but the trustees will have control of the trust assets and administer them for the unit holders’ sole risk and benefit.
11. There shall be a minimum of one and a maximum of three trustees of the New Aplitec Participation Trust in office from time to time.
12. The trustees are First National Asset Management and Trust Company (Proprietary) Limited (Registration number 1986/003488/07).
13. The unit holders may replace any departing trustees or appoint new trustees from time to time, provided that the new trustees have been approved in writing by the Exchange Control Department of the South African Reserve Bank.
14. No trustees shall be required to furnish security.
15. The unit holders shall hold an annual meeting, and may hold such other meetings at such times and on such periods of notice as the trustees may from time to time determine.
16. The trustees shall convene a meeting of the unit holders upon the request of unit holders holding not less than 10% of all units in issue.
17. At any meeting of the unit holders, each unit holder shall have one vote on a show of hands and one vote for each unit held on a poll.
18. Decisions of the unit holders shall require the approval of the majority of unit holders present or represented by proxy at any meeting of unit holders.

19. The units held by a unit holder shall confer on him the right to exercise one vote in respect of each New Aplitec B class preference share and each NUEP special convertible preference share held on his behalf, respectively, by New Aplitec Participation Trust and the Aplitec Holdings Participation Trust.
20. The trustees of the New Aplitec Participation Trust (and the Aplitec Holdings Participation Trust) shall vote the New Aplitec B class preference shares (and the NUEP special convertible preference shares) in accordance with the instructions of the unit holders and the trustees shall notify unit holders of meetings of New Aplitec (or NUEP) and give the unit holders an opportunity to instruct them regarding their votes.
21. Upon the occurrence of a trigger event:
 - 21.1 the trustees shall give written notice to the Aplitec Holdings Participation Trust, requesting the distribution of NUEP special convertible preference shares in the distribution ratio;
 - 21.2 upon receipt of the notice, the Aplitec Holdings Participation Trust will distribute to the trustees NUEP special convertible preference shares in the distribution ratio;
 - 21.3 the trustees shall take delivery of the NUEP special convertible preference shares from the Aplitec Holdings Participation Trust;
 - 21.4 against delivery of the appropriate number of NUEP special convertible preference shares, the trustees shall notify NUEP of the decision of the selling unit holder to convert the NUEP special convertible preference shares into NUEP common stock and shall cede to NUEP a proportionate number of New Aplitec B class preference shares and B class loans in New Aplitec and the NUEP special convertible preference shares. NUEP will convert the NUEP special convertible preference shares and deliver the NUEP common stock to the New Aplitec Participation Trust;
 - 21.5 within the time period stipulated by the selling unit holder, which shall not exceed 12 months after the conversion, the trustees shall endeavour to sell the NUEP common stock at the price stipulated by a selling unit holder, in order to comply with applicable Exchange Control approvals;
 - 21.6 the trustees shall be authorised to transfer NUEP common stock following a conversion to a unit holder provided he is a non-resident;
 - 21.7 upon receipt of the proceeds in South Africa, against the surrender of the units concerned, the trustees shall distribute the proceeds, net of all costs, to the selling unit holder or holders; and
 - 21.8 thereafter, the trustees shall cancel the units and make appropriate entries in the register in respect of the units realised and issue new unit statements, if required.
22. All the New Aplitec Participation Trust income received or accrued by the trustees on behalf of the unit holders shall accrue to and vest immediately in the unit holders in proportion to the number of units held by them in the New Aplitec Participation Trust and shall be distributed to them as soon as possible after it is received by the trust.
23. The New Aplitec Participation Trust shall continue until:
 - 23.1 all of the unit holders and the trustees agree to terminate the trust; or
 - 23.2 no unit holders remain, whereupon the trust shall be wound up.
24. If all of the unit holders and the trustees agree to terminate the trust, the trustees shall dispose of the shares and loan accounts comprising the trust assets as set out in paragraph 21 above.
25. The trustees shall cause the trust's books of account to be audited every year.
26. The trustees shall receive fair and reasonable remuneration for their services which shall be paid by New Aplitec.
27. New Aplitec shall bear all the expenses, fees and costs payable by the trust from time to time excluding all brokerage fees and costs and marketable securities tax pursuant to the disposal of the NUEP common stock which shall be for the account of the relevant unit holder.
28. The provisions of the trust deed may be amended at any time, provided that such amendment shall have been agreed to in writing by:
 - 28.1 the trustees then in office, whose agreement shall be unanimous;
 - 28.2 all the unit holders; and
 - 28.3 the Exchange Control Department of the South African Reserve Bank.

30. The trustees are not obliged to dispose of the NUEP common shares of a unit holder who is a non-resident of South Africa, but shall distribute the NUEP common shares to the unit holder concerned, provided that the shares are not blocked by the South African Reserve Bank. In the event that South African Exchange Controls are relaxed or abolished, the New Aplitec Participation Trust will distribute the common shares directly to the unit holders on a *pro rata* basis and the New Aplitec Participation Trust will be wound up.

SALIENT FEATURES OF THE APLITEC HOLDINGS PARTICIPATION TRUST

1. The Aplitec Holdings Participation Trust is a “STAR” or purpose trust regulated by the provisions of Part VIII of the Trusts Law (2001 Revision) of the Cayman Islands, which were previously contained in The Special Trusts (Alternative Regime) Law, 1997.
2. The original trustee of the Aplitec Holdings Participation Trust will be a Cayman Island resident, being Walkers SPV (“the AHP trustee”).
3. The original enforcer of the Aplitec Holdings Participation Trust is SAPEF International GP Limited, a Cayman Island company.
4. The property specified in Schedule 2 to the Aplitec Holdings Participation Trust deed will be transferred to the AHP trustee to be held by the AHP trustee subject to the terms and conditions of the Aplitec Holdings Participation Trust deed. The property specified in Schedule 2 comprises 192 967 138 special convertible preference shares issued by NUEP.
5. The beneficiaries of the Aplitec Holdings Participation Trust are those persons or classes of persons nominated as beneficiaries in accordance with the applicable provisions of the Aplitec Holdings Participation Trust; provided that the enforcer may not be a beneficiary.
6. The purpose of the Aplitec Holdings Participation Trust is to carry out the business plan. The business plan is set forth in Schedule 3 to the Aplitec Holdings Participation Trust deed and provides as follows:
 - 6.1 the AHP trustee shall hold the special convertible preference shares issued by NUEP until the AHP trustee receives notification from the New Aplitec Participation Trust to distribute some or all of the special convertible preference shares to the New Aplitec Participation Trust;
 - 6.2 the AHP trustee shall distribute to the New Aplitec Participation Trust any dividend amounts received from NUEP as soon as they are received from NUEP; and
 - 6.3 the AHP trustee shall communicate and distribute any information or documentation relating to corporate actions of NUEP to the trustees of the New Aplitec Participation Trust as soon as it is received from NUEP.
7. The enforcer shall have the power to resolve any uncertainty as to the purpose of the Aplitec Holdings Participation Trust or to the mode of execution of the Aplitec Holdings Participation Trust created by the Aplitec Holdings Participation Trust deed. The allocation of the Aplitec Holdings Participation Trust funds between the beneficiaries shall be at the discretion of the enforcer.
8. The enforcer may in writing revocably or irrevocably declare that any person or persons or member or members of the class of persons shall be included as a beneficiary; provided that the enforcer may not be a beneficiary, and may in writing exclude persons as beneficiaries. The umbrella agreement referred to in paragraph 21.6 of this prospectus stipulates that the enforcer may only appoint the New Aplitec Participation Trust as a beneficiary from time to time.
9. The enforcer has a fiduciary duty to act responsibly with a view to the proper execution of the Aplitec Holdings Participation Trust, but has no duty to supervise the administration of the Aplitec Holdings Participation Trust, save to investigate any allegation of wrong-doing or unfitness on the part of the trustees.
10. The enforcer and the New Aplitec Participation Trust trustees may direct the AHP trustee in writing in their capacity as holder of the NUEP special convertible preference shares to vote in accordance with the instructions of the unit holders. In the event of inconsistent instructions being delivered by the enforcer and the New Aplitec Participation Trust trustees, the AHP trustee will act on the instructions of the enforcer.

11. Under Cayman Islands law, the enforcer and the AHP trustee would normally be entitled to be indemnified, remunerated and reimbursed out of the trust fund. Under the Aplitec Holdings Participation Trust, any costs incurred by the AHP trustee and the enforcer in the execution of their duties shall be borne by NUEP which covenants to indemnify, reimburse and hold harmless the AHP trustee and enforcer for all amounts payable pursuant to the Aplitec Holdings Participation Trust deed.
12. The proper law of the Aplitec Holdings Participation Trust is that of the Cayman Islands and the Cayman Islands is the forum for the administration of the Aplitec Holdings Participation Trust.
13. Save with the prior written consent of the enforcer, the AHP trustee may not amend the Aplitec Holdings Participation Trust deed.
14. The Aplitec Holdings Participation Trust is irrevocable.

PRINCIPAL IMMOVABLE PROPERTY OWNED AND LEASED [(6(c))]

New Aplitec does not own any immovable property, nor does it have any intention of purchasing any immovable property within the first six months after the issue of this prospectus.

Details of the principal immovable properties leased to or by New Aplitec and its subsidiaries following completion of the active transactions are set out below.

Monthly rental includes electricity, water and parking expenses. Where the initial period of the lease has expired, the lease is now continuing on a month-to-month basis.

Branch	Address	Rental area m²	Date lease expires	Monthly rental (excluding VAT) ZAR
CASH PAYMASTER SERVICES (PTY) LIMITED				
Rosebank – rental costs	4th and 5th Floors President Place, Rosebank	–	31-10-2003	123 688,00
Rosebank – operating costs	4th and 5th Floors President Place, Rosebank	–	31-10-2003	109 120,00
Rosebank – amortised costs	4th and 5th Floors President Place, Rosebank	–	31-10-2003	6 583,00
Laser Park Ext 15	99 Ridge Road, Laser Park	896	30-06-2005	17 622,00
UIF Pretoria	Old Mutual Industrial Park Mooi Street	365	30-11-2003	6 826,96
CASH PAYMASTER SERVICES NORTHWEST (PTY) LIMITED				
Brits	11 Piet Rautenbachstraat Brits	4 312	30-06-2005	15 558,54
Kuruman	Plot 915 Kuruman	514	30-06-2005	12 000,00
Zeerust	43 Klip Street, Zeerust	–	30-04-2003	3 499,20
Mafikeng	22 Aerodrome Crescent, Mafikeng	–	Month to month	13 479,00
Rustenberg	18 Waterval Avenue, Rustenberg	–	31-05-2005	8 000,00
Vryburg	226 Market Street, Vryburg	–	30-04-2003	12 597,12
Klerksdorp	1 Industria Street Industrial Rail Sites, Klerksdorp	–	30-04-2003	5 038,85
CASH PAYMASTER SERVICES NORTHERN (PTY) LIMITED				
Pietersburg	1a Nikkel Street, Nirvana Pietersburg	600	30-11-2003	16 602,30
Lebowakgomo	Unit F01/13, Lebowakgomo Industrial Area	813	Month to month	5 970,14
Hoedspruit	Store No. 1, Erf 192 Hoedspruit	150	31-10-2006	4 392,30
Hoedspruit	Store No. 2, Erf 192 Hoedspruit	150	31-10-2006	4 831,53
Louis Trichardt	4 Krugerstraat, Louis Trichardt	–	Month to month	4 824,56
Thohoyandou	NPDC Building, Site 6 Thohoyandou Business Area	1 000	31-11-2003	7 972,03

Branch	Address	Rental area m²	Date lease expires	Monthly rental (excluding VAT) ZAR
Ellisras	1 Booysen Street Lephalale (Ellisras)	613	30-11-2005	9 195,00
Burgersfort	Erf 3, Uitbreiding Street Burgersfort	300	31-12-2002	5 546,85
Tzaneen	18 Antimony Street, Tzaneen	–	Month to month	18 852,75
Potgietersrus	32 Sussex Street, Potgietersrus	489,53	31-05-2003	8 147,16
Dendron	206 Keeron Street, Dendron	1 009	Month to month	12 155,06
Pietersburg (Provincial)	97 Biccard Street, Pietersburg	442	Month to month	11 403,51
CASH PAYMASTER SERVICES KWAZULU-NATAL (PTY) LIMITED				
Greytown	146 Pine Street, Greytown	950	31-12-2004	13 547,52
Pietermaritzburg	285 Berg Street, Pietermaritzburg	–	31-12-2004	16 690,40
Briardene	34 Cordova Close Briardene Industrial Park	–	31-12-2004	25 740,72
Stanger	Shop 1, corner Cinnamon Park and Hibiscus Road, Stanger	383	31-12-2004	8 474,36
Port Shepstone	Lot 1470, corner Hudson and Berg Streets, Marburg Ext 8	–	31-08-2003	14 297,11
Eshowe	73 Osborne Road, Eshowe	1 862	31-12-2004	10 281,00
Pinetown – Provincial	113 Old Main Road, Pinetown	623	31-10-2004	18 750,62
Mtubatuba	Sub 1 of Lot 42 Mtubatuba	344	31-08-2004	12 059,85
Empangeni	11 Platina Road, Empangeni	–	31-12-2004	16 172,12
Mkuze	FNB Building Sub 1 of Lot 1, Mkuze	320	31-12-2004	13 103,04
Manguzi	Manguzi Milling Building Main Street, Kwangwanase	–	31-12-2002	14 690,61
Ladysmith	Lot 2384 Progress Road Ladysmith	927	01-11-2003	10 094,89
Newcastle	491 Field Street, Newcastle	–	31-10-2003	12 064,43
Vryheid	36 Stretch Crescent Lot 561, Vryheid	–	31-12-2004	12 463,00
Melmoth	Lease not yet signed	–	31-12-2004	6 750,00
UIF CAPE TOWN				
Parow	Erf 23149, Railway Street, Parow	1 350	30-11-2004	40 981,25
CASH PAYMASTER SERVICES NORTHERN CAPE (PTY) LIMITED				
Kimberley	4th Floor, FNB Gebou 84 Mark Street	–	29-02-2004	3 307,50
Kimberley	27 – 27A Hull Street, Kimberley	–	31-01-2004	8 771,93
De Aar	5 Alexander Street, De Aar	325	31-12-2003	8 014,30

Branch	Address	Rental area m²	Date lease expires	Monthly rental (excluding VAT) ZAR
Calvinia	20 Stigling Street, Calvinia	218	31-12-2003	3 616,52
Springbok	19 Tol Road, Springbok	–	01-01-2003	3 210,00
Upington	18 Scott Street, Upington	600	31-12-2003	11 449,00
CASH PAYMASTER SERVICES EASTERN CAPE (PTY) LIMITED				
Queenstown	29 Stephanus Road Queendustria, Queenstown	430	30-11-2005	6 081,90
Flagstaff	32 Main Road, Flagstaff	300	31-08-2005	4 161,30
Butterworth	4948 Tainton Road Ibika Industrial Area Butterworth	825	31-07-2005	3 493,88
Umtata	35 Textile Street Vulindlela Heights, Umtata	2 000	31-08-2005	13 200,00
Kokstad	43 Groom Street, Kokstad	475	31-10-2005	5 643,00
Mount Fletcher	205 Main Street Mount Fletcher	400	31-08-2005	4 679,82
Encobo	5 High Street, Encobo	520	31-08-2005	6 739,20
East London	18 Curry Street Quigney, East London	320	31-07-2005	9 720,00
Aliwal North	18 Grey Street, Aliwal North	297	31-12-2005	4 385,97
AGE SECURE (PTY) LIMITED				
Dundee	33A Victoria Street, Dundee	300	31-12-2004	3 000,00
Empangeni	Unit 8 Morris Centre, Empangeni	295	30-09-2004	3 569,00
Eshowe	Shop No. 2B, New Adams Centre Osborn Road	206	31-08-2004	2 810,50
Greytown	Shop No. 14, Aheers Centre Voortrekker Street	–	Indefinite	2 045,61
Kokstad	Office 2a, Eitten House 87 Main Street, Kokstad	–	Month to month	2 096,50
Ladysmith	401 Murchison Street, Ladysmith	60	31-10-2004	1 586,00
Manguzi	Main Street, Kwa Ngwanase	40	31-12-2004	660,00
Mkuze	Shop 3, Mkuze Station Shopping Centre	97	31-01-2005	2 134,00
Pietermaritzburg	Use Moneyline Premises	100	Indefinite	3 719,31
Port Shepstone	Portston Centre, 42 – 44 Aiken Street Port Shepstone	–	31-12-2004	2 393,95
Pinetown	113 Old Main Road, Pinetown	120	31-10-2004	3 270,00
Stanger	Corner Cinnamon Park and Hibiscus Road, Stanger	115	31-03-2005	1 950,00
Ulundi	Lot BA481, Fairbreeze Office Park Ulundi	34	31-10-2004	2 680,00
Umlazi	Shop No. L23 Ithala Centre, Umlazi	90	30-06-2004	3 267,00
Upington	Owner has not signed proposed lease	–	Month to month	3 850,00

Branch	Address	Rental area m²	Date lease expires	Monthly rental (excluding VAT) ZAR
MONEYLINE FINANCIAL SERVICES (PTY) LIMITED				
Balfour Park	No. 243, Upper Level Balfour Park Shopping Centre	67	31-08-2004	19 641,60
Barberton	73A Crown Street, Barberton	–	30-09-2005	1 450,00
Benoni	Unit 41A, Benoni Plaza	55,2	30-04-2005	2 536,44
Bergville	Shop 2, Tatham Road, Bergville	–	31-01-2005	3 400,00
Dundee	Shop No. 7, Sub-15 of Lot 642 Dundee	145	28-02-2003	3 167,28
Duivelskloof	Glackmore House, Corner Botha and Stasie Streets, Duivelskloof	110	Month to month	3 508,77
Empangeni 1	Shop No. 4 – 32, Tanner Road Empangeni	–	30-04-2005	5 109,00
Empangeni 2	Biyela Centre	80	31-12-2002	2 991,23
Eshowe	Shop No. 2 36 Osborne Road, Eshowe	90	31-01-2004	7 312,50
Evander 1	C & G Centre, McGill Drive	93,66	31-12-2004	2 269,61
Evander 2	Shop No. 9 Shoprite Checkers Centre	37	31-10-2004	1 875,35
Faerie Glen	No lease agreement	–	31-12-2005	5 278,95
Gezina	Shop No. 3 288 Voortrekker Road, Gezina	–	30-10-2004	4 932,15
Gingindlovu	Shop No. 0, Ging Centre Main Street, Gingindlovu	72	31-10-2005	6 418,10
Giyani	Shop 8, Giyani Plaza Phaze 1 – 5 Giyani	–	31-08-2006	6 588,60
Graskop 1	Panorama Building, Main Street Graskop	–	30-06-2005	2 528,00
Graskop 2	Mo Azalia Building, Graskop	–	30-06-2005	2 301,00
Hatfield 2	1st Floor, D & F Building 1090A Burnett Street, Hatfield	160	31-08-2005	3 888,00
Ingwavuma	Shop 9, Ingwavuma Shopping Centre, Ingwavuma	60	30-09-2005	2 700,00
Jeppe	106 Pritchard Street, Johannesburg	–	31-08-2003	7 500,00
Jozini	Shop No. 15 Ithala Centre, Jozini	36	31-12-2004	2 674,74
Kempton Park	Shop No. 28/29, Kempton City Shopping Centre, Pretoria Road	–	31-03-2005	4 230,20
Kwambonanambi	Lot 85, 23 Regia Street, Shop No. 4	–	31-07-2004	2 175,44
Ladysmith	122 Murchison Street, Ladysmith	–	31-01-2003	6 689,47
Lydenburg	50C Kantoor Street, Lydenburg	–	28-02-2003	934,21
Manguzi	Shop 27, Boxer Centre Black Rock Road	116	31-12-2005	5 614,40
Melmoth	Shop No. 6, Plaza Centre, Melmoth	–	31-05-2004	3 790,68
Midrand	31 Old Pretoria Halfway House Shopping Centre	120	Month to month	10,529,74

Branch	Address	Rental area m²	Date lease expires	Monthly rental (excluding VAT) ZAR
Mkuze	Shop 1B, Mkuze Shopping Centre	110	31-03-2005	3 417,15
Mtubatuba	Shop No. 10, Lot 195 John Ross Highway	–	30-11-2004	5 016,00
Nelspruit 1	Ground Floor, MIB House	124	30-09-2005	8 033,75
Nelspruit 2	Ka Mkholo Building 26 Brown Street	51,19	30-06-2005	3 041,50
Nelspruit 3	45 Brown Street, Nelspruit	90	Month to month	3 216,78
Newcastle	Nedbank Centre 50 Harding Street, Newcastle	175	30-09-2003	4 262,77
Phoenix	Suite 6a, TAB Centre, Phoenix	52	28-02-2003	2 809,85
Pietermaritzburg 1	271 Church Street Pietermaritzburg	198,58	31-01-2007	14 075,92
Pietermaritzburg 2	143 Chapel Street Pietermaritzburg	–	28-02-2006	1 943,26
Potchefstroom 1	147 Church Street Potchefstroom	422	31-08-2006	10 000,00
Potchefstroom 2	92 Kock Street, Potchefstroom	–	Month to month	1 449,45
Potgietersrus	28 Retief Street, Potgietersrus	–	30-09-2004	3 681,62
Richards Bay	Shop 48, Bay Centre Richards Bay	–	Month to month	4 155,52
Randburg	Shop No. 207 and 208 Oriental Plaza	108	31-03-2005	8 929,61
Rosebank	Shop 20, Rosebank Galleria	60,77	30-04-2004	7 313,71
Sabie 1	17 Markplein Building Main Road	–	31-07-2005	1 931,28
Sabie 2	Mount Sheba Building 162 Sabie	–	30-06-2005	2 608,00
Springs	4th Street, Springs	83	30-06-2004	3 083,02
Southgate	Shop U262, Southgate Mall	113	31-05-2006	19 210,00
Stanger	10/20 Hulett Street, Stanger	–	Month to month	3 289, 74
Tzaneen	Shoprite Complex C/a Stasie and Kudu Streets Tzaneen	312	31-03-2004	18 140,76
Tzaneen	Shop B1A, Lower Level Tzaneng Mall	145	31-05-2005	6 612,00
Winterton	Lot 19, Springfield Road, Winterton	–	28-02-2002	951,75
Witrivier	43 Kruger Park Street White River	100	31-08-2005	2 500,00

Branch	Address	Rental area m²	Date lease expires	Monthly rental (excluding VAT) ZAR
NEW WORLD FINANCE (PTY) LIMITED				
Amanzimtoti	Shop No. 2 373A Kingsway, Amanzimtoti	–	30-04-2004	8 185,26
Bizana	Erf 13, Bizana	125	31-12-2003	9 834,00
Clairwood	Shop 6, Clairwood Shopping Centre	139	30-09-2005	11 730,53
Durban 2	Shop 20, Old Well Arcade 384 Smith Street	84	28-02-2004	10 229,29
Durban 3	Shop 2–85 Field Street	140,2	30-04-2005	14 329,90
Flagstaff	28 Main Street, Flagstaff	263,25	31-07-2005	4 035,09
Harding	Shop No. 2, Southern Cross Hotel, Murchison Street	–	31-07-2005	3 508,00
Hibberdene	Lot Sub-6 of 699 Hibberdene	–	28-02-2005	6 904,00
Hillcrest	Shop No. 32 Richdens Shopping Centre, 59/61 Old Main Road	–	31-10-2006	11 116,23
Isithebe	No. 1 White Street, Isithebe	–	28-02-2005	–
Ixopo	Shop 4, Vatakans Properties Margaret Street	–	28-02-2005	5 479,22
Kokstad 1	Shop 2, Kokstad Shopping Centre	120	31-12-2003	11 329,34
Kokstad 2	Erf 506, Main Street, Kockstad	–	31-05-2007	10 016,84
Lusikisiki	Erven 19, 20 and 21 Lusikisiki	232	31-10-2005	12 587,90
Mandini	32A Sundumbili Plaza	220	31-12-2004	7 986,00
Margate 1	Checkers Centre 92 Marine Drive, Margate	163	31-08-2004	14 143,74
Margate 2	Regent Building, Margate	–	30-04-2003	5 974,53
Mataliele	Erf 503, Matatiele	–	30-11-2004	7 024,05
Mount Frere	Shop No. 3, Mount Frere Shopping Centre, Main Street	–	31-03-2003	7 429,82
Pietermaritzburg	Suite 1, Old Mutual Building Church Street, Pietermaritzburg	110	28-02-2005	6 270,00
Portston Centre	42 – 44 Atken Street Port Shepstone	85	31-05-2006	560,00
Port Edward	Await new lease agreement	–	01-12-2003	5 479,22
Port Shepstone (Regional)	First Floor, NBS Building Corner Aiken and Escombe Streets	340	31-03-2004	11 595,22
Port Shepstone 1	Shop No. 6, Port Shepstone	–	30-04-2005	8 179,00
Port Shepstone 2	Shop No. 1, Moosa Bux Building	–	Month to month	7 190,00
Port Shepstone 3	Buxon Factories, Marburg	–	31-05-2005	1 650,00
Port St Johns	27 West Gate Street Port St Johns	–	31-10-2004	1 926,14

Branch	Address	Rental area m²	Date lease expires	Monthly rental (excluding VAT) ZAR
Queensburgh	Section 7, Nippers Building 131 Main Road, Malvern	–	31-08-2005	7 571,05
Scottburgh	No. 2 Sanleen Court Scott Street, Scottburgh	–	30-09-2005	10 662,40
Shelly Beach	Shop No. U3 Lot 1239 Game Centre, Shelly Beach	–	Month to month	4 918,69
Stanger	95 King Shaka Street, Stanger	225	31-01-2006	9 982,50
Tongaat	340 Main Road, Tongaat	–	31-12-2003	2 970,00
Umtata 1	Madeira Street, Umtata	–	30-09-2004	9 984,32
Umtata 2	Shop 58, Umtata Circus Triangle Port Street Johns Road	–	31-01-2005	4 307,68
Umkomaas	24 Bisset Street, Umkomaas		01-02-2005	1 315,79
Umzimkulu	Disputed lease	–	Month to month	4 589,20
Umzinto	Shop 5, Spic 'n Span Building	–	31-10-2003	1 220,61
Underberg	Shop 5, Sani Pass Centre Underberg	90,59	30-04-2005	3 578,30
Verulam	Shop 6A, Hypermall 13 Wick Street, Verulam	–	30-04-2003	4 607,68
Vryheid	Shop No. 3, Beron Building Landdrost Street, Vryheid	160	31-10-2005	2 842,11
Richmond	Shepstone Street, Richmond	68,58	Indefinite	1 236,84

THE REINVESTMENT OPTION

1. The reinvestment option entitles reinvesting shareholders to receive 475 cents in anticipation of the voluntary winding-up and to reinvest 285 cents thereof in New Aplitec, through the New Aplitec Participation Trust. Effectively, reinvesting shareholders will receive part of the distribution in cash and part of the distribution by way of RLA's, in the ratio of one RLA for one Aplitec ordinary share, issued by New Aplitec to Aplitec and distributed *in specie* by Aplitec to reinvesting shareholders, which will be deemed to be renounced by the reinvesting shareholders in favour of the New Aplitec Participation Trust.
2. The 285 cents will be allocated to the reinvesting shareholders as follows: 183,996 cents per Aplitec ordinary share as a capital contribution to the New Aplitec Participation Trust and loans of 101,004 cents per Aplitec ordinary share to the New Aplitec Participation Trust.
3. The terms of the contribution of capital and loans to the New Aplitec Participation Trust are detailed in the New Aplitec Participation Trust deed, the salient features of which are outlined in Annexure 10 to this prospectus.
4. The New Aplitec Participation Trust, will, in turn, subscribe for New Aplitec B class preference shares and extend B class loans in the same proportion as set out in paragraph 2 above. As the reinvestment option is underwritten by the Brait Group, this will result in 236 977 187 New Aplitec B class preference shares being issued. The New Aplitec Participation Trust will hold 100% of these New Aplitec B class preference shares at the closing date.
5. The terms of the New Aplitec B class preference shares and the B class loans are set out in greater detail in paragraphs 5.4 and 9.4, respectively, of this prospectus.
6. 192 967 138 NUEP special convertible preference shares representing 100% of the issued NUEP special convertible preference shares, will be issued to the Aplitec Holdings Participation Trust at the closing date, credited as fully paid-up, for the benefit of reinvesting shareholders, through the New Aplitec Participation Trust on the occurrence of a trigger event as part of the reinvestment option. This will significantly dilute the voting power of the existing common shareholders of NUEP.
7. The number of 192 967 138 NUEP special convertible preference shares is calculated as follows:
 $((a-b) \times c)/d/e$
 where:
a = purchase price of 475 cents per Aplitec share (ZAR);
b = 190 cents (cash distribution) (ZAR);
c = 236 977 187, being the total number of Aplitec shares in issue;
d = 7 (fixed ZAR : USD exchange rate for the reinvestment option); and
e = 50 US cents (equivalent to the offer price of NUEP common stock to the Brait Consortium).
8. On the occurrence of any trigger event, the New Aplitec Participation Trust will issue a written notice to the Aplitec Holdings Participation Trust, notifying it of the intention of the relevant unit holder, through the New Aplitec Participation Trust, to take up their right to NUEP special convertible preference shares in the distribution ratio. The Aplitec Holdings Participation Trust will then distribute NUEP special convertible preference shares to the New Aplitec Participation Trust in the distribution ratio.
9. The distribution ratio is calculated as follows:
 a/b
 where:
a = 192 967 138 NUEP special convertible preference shares as determined in paragraph 6 above; and
b = 236 977 187 New Aplitec B class preference shares as determined in paragraph 4 above.
10. Simultaneously, the New Aplitec Participation Trust will, on behalf of the relevant unit holders, cede the relevant number of New Aplitec B class preference shares and B class loans, as well as the NUEP special convertible preference shares received from the Aplitec Holdings Participation Trust, to NUEP. Upon receipt of these interests, NUEP will convert the NUEP special convertible preference shares into NUEP common stock on a one-for-one basis.

11. The New Aplitec Participation Trust shall only be entitled to convert the NUEP special convertible preference shares in multiples of 100, unless there are unit holders holding odd-lots of NUEP special convertible preference shares in a lesser number, in which event they shall be entitled to convert such odd lots of NUEP special convertible preference shares but only, *en bloc*, not piecemeal. If any fractions of NUEP common stock arise as a result of conversion of NUEP special convertible preference shares, NUEP shall pay in cash the fair market value of such fractional NUEP common stock from the New Aplitec Participation Trust as determined in accordance with the proposed amendment to NUEP's articles of incorporation.
12. This NUEP common stock may be traded through market makers on the OTC Bulletin Board. The New Aplitec Participation Trust will thereafter sell the NUEP common stock as and when directed by the unit holders but in any event within 12 months after the conversion in terms of Exchange Control approval, and thereafter distribute the proceeds (net of all costs including applicable brokerage costs) to the reinvesting shareholders concerned. Non-resident beneficiaries of the New Aplitec Participation Trust shall not be obliged to sell their NUEP common stock within the 12-month period after conversion.
13. The number of NUEP special convertible preference shares to be issued at the outset is 192 967 138.
14. The Brait Group will underwrite the reinvestment option in full.

DETAILS OF NEW APLITEC'S SUBSIDIARY COMPANIES [6(e) and 6(f)]

Following the completion of the active transactions, New Aplitec will own the following subsidiary companies:

Name	Registration number	Date of incorporation	Principal business (see notes)	Authorised share capital (ZAR)	Issued share capital (ZAR)
Net1 Southern Africa (Pty) Limited *	1989/006037/07	13 Oct 1989	1	1 000	100
Cash Paymaster Services (Pty) Limited * which holds 100% of:	1971/007195/07	28 June 1971	2	4 000	4 000
Cash Paymaster Services Namibia (Pty) Limited	No register		3	4 000	100
Cash Paymaster Services Gauteng (Pty) Limited	1996/016435/07	21 Nov 1996	3	4 000	100
Cash Paymaster Services Northern (Pty) Limited	1996/017600/07	11 Dec 1996	2	4 000	100
Cash Paymaster Services Northwest (Pty) Limited	1996/011197/07	22 Aug 1996	2	4 000	100
Cash Paymaster Services Mpumalanga (Pty) Limited	1996/011273/07	23 Aug 1996	3	4 000	100
Cash Paymaster Services Northern Cape (Pty) Limited	1997/013358/07	13 Aug 1997	2	1 000	100
Cash Paymaster Services KwaZulu-Natal (Pty) Limited	1997/013382/07	13 Aug 1997	2	1 000	100
Cash Paymaster Services Western Cape (Pty) Limited	1994/001324/07	25 Feb 1994	3	1 000	100
Cash Paymaster Services Eastern Cape (Pty) Limited	1998/000033/07	5 Jan 1998	2	4 000	1
Siyeza Security Services (Pty) Limited	2000/003239/07	18 Feb 2000	3	4 000	100
Siyeza Security Services Northern Cape (Pty) Limited	2000/015842/07	14 Jul 2000	3	4 000	100
Sinqobile Security Services Northwest (Pty) Limited	2000/003239/07	18 Feb 2000	3	4 000	333
Net1 Finance Holdings (Pty) Limited* which holds:	1998/020801/07	20 Oct 1998	4	1 000	100
Moneyline Financial Services (Pty) Limited	1998/000799/07	20 Oct 1998	5	1 000	900
New World Finance (Pty) Limited	1999/017864/07	18 Aug 1999	5	4 000	900
Milpay Pay System (Pty) Limited	1999/017931/07	18 Aug 1999	5	4 000	300
Friedland 020 Investments (Pty) Limited	1999/006823/07	31 Mar 1999	5	1 000	100
Friedland 033 Investments (Pty) Limited	2000/003238/07	18 Feb 2000	5	4 000	100
Friedland 035 Investments (Pty) Limited	2000/003245/07	18 Feb 2000	5	4 000	100

* New Aplitec will hold 100% of the shares in these subsidiaries following the completion of the active transactions.

Notes to principal business:

1. Supply of technology
2. Payment of social welfare grants
3. Dormant
4. Holding company
5. Provision of financial services

None of New Aplitec's subsidiaries have declared any dividends during the last five years.

