

## NET 1 A SMART ENTRY INTO NIGERIA

JUNE 2006



**Johannesburg, South Africa, June 26, 2006** - Net 1 UEPS Technologies, Inc. (NASDAQ: UEPS) ("Net1" or the "Company") announced today that it has entered into an agreement to create SmartSwitch Nigeria Limited ("SSN"). SSN will launch and operate the Net1 UEPS technology across Nigeria. Shareholders in SSN will comprise of Net1, Diamond Bank Plc ("Diamond Bank") and Innovative Capital & Investments Limited ("Innovative Capital").

Net 1 will initially own 51% of SSN, but has given an equity option to two other large Nigerian banks which may result in a dilution of Net1's shareholding. The initial capital required for SSN is US\$ 18 million, comprising US\$14 million for the UEPS-related hardware and software and US\$ 4 million for the first year's working capital requirements.

Diamond Bank is one of the leading banks in Nigeria that is well respected for its service delivery, driven by innovation and an advanced banking technology platform. In addition to growing its asset base and expanding its key business relationships, Diamond Bank's strategy is to offer affordable financial products to the un-banked and under-banked people of Nigeria.

Innovative Capital and its wholly owned subsidiary, Creative Telecoms & Technologies Limited, specialize in the provision of effective and innovative solutions for their clients. These clients include 14 banks, pension fund administrators, fund managers and a number of telecommunication network operators.

SSN aspires to have a substantial impact on the financial industry in Nigeria, where approximately 90% of the population of 140 million people is un-banked and transacts in cash. SSN's mission will be to deploy the UEPS technology through several applications, including banking, health care, money transfers, pre-paid utilities and telephony and voting.

Brenda Stewart, Senior Vice-President Marketing & Sales said: "Resulting from the focus on high net worth customers and the lack of technology to offer products to the un-banked and under-banked market segments, Nigeria has mainly become a cash-driven society. SmartSwitch Nigeria will endeavor to redress this unfortunate situation by offering affordable UEPS transacting facilities to all."

Net 1 expects SSN to become operation during the second quarter of fiscal 2007.



## **About Net1**

Net1 provides its universal electronic payment system, or UEPS, as an alternative payment system for the un-banked and under-banked populations of developing economies. The company believes that it is the first company worldwide to implement a system that can enable the estimated four billion people who generally have limited or no access to a bank account to enter affordably into electronic transactions with each other, government agencies, employers, merchants and other financial service providers. To accomplish this, the company has developed and deployed the UEPS. This system uses secure smart cards that operate in real-time but offline, unlike traditional payment systems offered by major banking institutions that require immediate access through a communications network to a centralized computer. This offline capability means that users of Net1's system can enter into transactions at any time with other card holders in even the most remote areas so long as a portable offline smart card reader is available. In addition to payments and purchases, Net1's system can be used for banking, health care management, international money transfers, voting and identification.

This announcement may contain forward-looking statements pursuant to the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, implied or inferred by these forward-looking statements, such as product demand, market and customer acceptance, the effect of economic conditions, competition, pricing, development difficulties, foreign currency risks, costs of capital, the ability to consummate and integrate acquisitions, and other risks detailed in the Company's SEC filings. The Company undertakes no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

### **Contact William Espley at Net1 Investor Relations at:**

**Telephone:** (604) 484-8750

**Toll Free:** 1-866-412-NET1 (6381)