

NET1 ANNOUNCES UPDATE ON DEVELOPMENTS IN NIGERIA

Johannesburg, January 25, 2007 –Net 1 UEPS Technologies, Inc. (NASDAQ: UEPS) ("Net1" or the "Company") announced today that in accordance with the operation of its existing agreements relating to its shareholdings in SmartSwitch Nigeria Limited ("SSN"), Net1 currently owns 80% of the shares in SSN. At this time, Net1 has no remaining contractual obligation that would result in a reduction in Net1's ownership in SSN. While Net1 currently intends to maintain its current ownership level, it may agree in the future to dilute its shareholdings to facilitate the entry of critical strategic partners. However, Net1 does not intend to reduce its ownership level below 51% and thus will continue to consolidate the results of SSN with Net1's results for accounting purposes.

Net1's consolidation of SSN differs from the equity accounting treatment of Net1's investments in SmartSwitch Namibia and SmartSwitch Botswana. SSN requires UEPS hardware and software to the value of approximately US\$14 million from Net1. During the second quarter of fiscal 2007, Net1 delivered hardware and software to the value of US\$11.3 million to SSN and expects to complete delivery of the remaining components during the third quarter of fiscal 2007. The revenue and profit arising from these transactions between Net1 and SSN will be eliminated upon consolidation and will result in a reduction, compared to the equity accounting method, of approximately US\$0.05 in Net1's GAAP earnings per share for the second quarter of fiscal 2007 and US\$0.01 in the third quarter of fiscal 2007. In addition, Net1 will also fully consolidate the start-up losses incurred by SSN, which is estimated at US\$2 million during the implementation period.

"As we have discussed before, when we deploy our UEPS technology through the various SmartSwitch entities in new countries we typically sell up to 50% of the equity to local partners. Although we initially took a different approach in Nigeria by agreeing to potentially dilute our holdings to less than 51%, we have since determined that Net1's majority ownership of SmartSwitch Nigeria for now, and in the foreseeable future, is in the best interest of Net1 and our contractual arrangements permit us to maintain this ownership level", said Dr. Serge Belamant, Chairman and Chief Executive Officer of Net1.

As discussed during Net1's December 15, 2006 strategy presentation, Net1 has identified a number of significant business opportunities in Nigeria for governmental and banking applications for the UEPS technology. Net1 will provide further details on the Nigerian activities and opportunities during the earnings call scheduled for February 8, 2007 at 9:30 a.m. Eastern Standard Time.

About Net1 (www.net1ueps.com)

Net1 provides its universal electronic payment system, or UEPS, as an alternative payment system for the unbanked 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.

Net1's recently acquired subsidiary, Prism, is a company focused on the development and provision of secure transaction technology, solutions and services. Prism's core competencies around secure online transaction processing, cryptography and integrated circuit card (chip/smart card) technologies are principally applied to electronic commerce transactions in the telecommunications, banking, retail, petroleum and utilities market sectors. These technologies form the cornerstones of the "trusted transactions" environment and provide us with the building blocks for developing secure end-to-end payment solutions.

This announcement contains 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 implementation of the Company's Prism strategy, 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.

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