

NET1 ANNOUNCES AGREEMENT WITH GRINDROD BANK TO ESTABLISH RETAIL BANKING DIVISION

Johannesburg, January 31, 2007 – Net 1 UEPS Technologies, Inc. (NASDAQ: UEPS) ("Net1" or the "Company") announced today that it has signed a co-operation agreement with Grindrod Bank Limited ("Grindrod Bank") for the establishment of a retail banking division within Grindrod Bank that will focus on deploying Net1's wage payment solution in South Africa. Grindrod Bank is a fully registered bank in South Africa and a wholly owned subsidiary of Grindrod Limited, a company listed on the JSE Securities Exchange.

In terms of the agreement, Grindrod Bank will establish the division and will be responsible for the human resources, administration, compliance, risk management and financial affairs of the division. Net1 will be responsible for the supply and maintenance of all UEPS hardware and software required to implement and run its wage payment system and will receive ongoing fee payments based on the amount of business transacted by the division utilizing the UEPS technology. Net1 will assist Grindrod Bank with the implementation of the business plan and operational activities.

The target markets for the wage payment system are the un-banked and under-banked wage earners in South Africa, estimated at 5 million people. These wage earners are typically paid in cash on a weekly, bi-weekly or monthly basis and have all the risks associated with cash payments, but none of the benefits associated with having a formal bank account. Net1 and Grindrod Bank plan to offer these wage earners a UEPS smart card that will allow the card holder to receive payment, transact and access other financial services in a secure, cost-effective way.

"I am absolutely delighted that we have concluded the agreement with Grindrod Bank", said Dr. Serge Belamant, Chairman and Chief Executive Officer of Net1. "It has been a long and arduous process to find the right partner and entry point for our wage payment system in the South African market and we are overjoyed at the prospect of implementing our technology with Grindrod Bank in order to improve the lifestyles of many South Africans who have no access to a bank account and financial services", he concluded.

David Polkinghorne, Managing Director of Grindrod Bank was equally enthused. "This initiative provides Grindrod Bank with sophisticated technology and infrastructure that enables us to access a market that only the major South African retail banks could previously service. We are excited at growth prospects arising from this initiative and the new opportunities that this will open up for us in rolling out relevant and affordable financial products."

Net1 will provide further details on the wage payment initiative 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 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.

About Grindrod Bank

Grindrod Bank is a registered South African bank with a strong investment banking culture aimed particularly at the real estate and private client sectors. The bank is structured into three distinct business units:

- Private Client Services- managing discretionary portfolios for high net worth clients and providing trust and fiduciary services to these clients;
- Corporate Banking- lending products and treasury investment products to the corporate and real estate markets ;
- Advisory Services- fee based Corporate Finance and Structured Finance services to listed entities and other large corporates.

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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