

Net 1 U.E.P.S. Technologies, Inc.

Net 1, is a technology company, listed on the NASDAQ (NASDAQ: UEPS) that provides its Universal Electronic Payment System (U.E.P.S.), as an alternative payment system to address numerous Government initiatives which focus on enhancing the life style of their poorest citizens, establishing transparent systems of governance and transforming rural towns and villages into vibrant and integrated economic zones.

Net 1 believes that it is the first company worldwide to implement a system that can enable the billions of people who generally have limited or no access to a bank account to affordably conduct electronic transactions with each other, financial institutions, government agencies, employers, retail merchants and other financial service providers. Net 1's most recent achievements are described below.

GHANA TAKES THE LEAD WITH ITS IMPLEMENTATION OF A WORLD FIRST SECURE CHIP & BIOMETRIC NATIONAL PAYMENT SYSTEM "E-ZWICH"

"The dream of a country to become a cashless economy could become a reality"

The Bank of Ghana selected Net 1's U.E.P.S. technology to provide a turnkey solution enabling a common platform for all electronic payments, as well as broadening the scope for branchless banking across the country. Ghana Interbank Payment & Settlement System (GhIPSS), a subsidiary of Bank of Ghana, was established to manage the National Switch (e-zwich).

The system was launched successfully on 28th April 2008 by the Honorable President J.A. Kufuor in Accra and today boasts the "Live" rollout of 27 financial institutions and 14 Savings & Loan companies. The strategy for implementation was based in the form of a "Three Phase Approach" with the successful



completion of Phase One in April 2008. This included installation, implementation and commissioning of the Primary and Disaster Recovery Sites, the U.E.P.S. back-end management system and front-end products and services applications, allowing for immediate inter-operability between bank branches and merchant stores. Phase Two followed with the implementation of Net 1's Offline Settlement System, a powerful tool enabling all merchants and financial services companies situated in deep rural areas to participate in the system without the need for network connectivity.

This involved delivery of the U.E.P.S. biometric ATM hardware and full functionality software operating offline and online.

Phase Three, now underway, involves the participation of APEX Bank and the community sector comprising of 169 community banks, together with integration to existing Switches in Ghana and payment channel interoperability across all new and existing ATM/POS device infrastructure. In line with their vision of having a common

payment system, the Bank of Ghana enforced a directive for the issuing of e-zwich cards to existing and new customers as part of the "know your customer" process to prevent identity theft, fraud and money laundering. The method of identification for loading funds or spending from the smart card is biometric fingerprint. The best fingerprint images are converted to templates and stored on the individual's smart card.

U.E.P.S. offers multi-application, multi-wallet and multi-issuer. One of the key features is its offline real time transaction processing which enables a transaction to occur without online connectivity. U.E.P.S. product offerings include a variety of money transfer options between smart card accounts, traditional bank accounts, mobile phone accounts and unbanked people. Payments for 3rd Party Companies can be made by linking one's personal accounts on to the card to enable convenient and direct secure payments to be performed. A facility is provided to pay "one-off" accounts at any U.E.P.S. compliant POS/ATM device. Salary/Wage/Pension/Grant distribution payments can be delivered speedily and securely for collection at any U.E.P.S. compliant POS/ATM device. An effective facility for financial institutions to grant their respective cardholders the option of receiving a micro-loan/salary advance against a recurring income is available in the form of an automatic "Cash Advance". This enables the cardholder the ability to obtain a cash advance anywhere, anytime as the entire calculation process is managed by the card with the monthly deduction being collected via the back-end system. The system is modular and can provide, if required, an extremely powerful biometric search station facility that can assist in the combating of fraud and money laundering across all participating financial service providers.

Continuous, aggressive marketing and awareness campaigns between GhIPSS and the banks are being undertaken targeting all sectors of the Ghanaian market.



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IRAQ SELECTS NET 1'S SECURE SMART CARD TECHNOLOGY FOR EFFECTIVE DISTRIBUTION OF THEIR GOVERNMENT GRANT PAYMENTS

"The success of any technology should be measured, not only by the profits it generates for its investors, suppliers and users, but also by the difference that it makes to the lives of people."

Net 1, in line with its vision and mission statement of providing technological solutions for emerging economies to enhance the life styles of their citizens was selected by an Iraqi consortium comprising of the Government, Rafidain Bank, Rasheed Bank and International Smart Card, a local technology company in Iraq, to provide a secure biometric technological solution to assist with the challenges currently encountered with the payment and distribution of cash disbursements.

On 3rd August 2008, the first "LIVE" transactions were demonstrated at the official launch in Baghdad, attended by the two state banks, along with the Iraqi Government, War Victim, Pension and Martyrdom Ministries. Smart card registration, biometric enrolment and issuing was demonstrated along with offline loading of grant payments to the cards and the automatic dispensing of cash thereafter.

This provides a convenient, secure and effective method for the distribution and payment of government grants to war victims and martyrdom beneficiaries as well as the payment of pensions to +- 2 million beneficiaries. In order to stabilize the logistics involved in changing one's method of payments, Phase One will operate for a period of six months whereby

beneficiaries have to collect their grants on their specific days as managed previously. Instead of cashing Government vouchers, they can load their grants onto their cards and collect cash dispensed in any of the two state bank branches. Phase 2 will incorporate the cardholders being able to collect their grants anywhere, anytime at bank branches and merchant stores participating in the system.

They will not be restricted in going to their own banks as the system allows for interoperability across all participating bank branches and merchant stores. The strategy is to eventually eliminate the need for carrying large amounts of cash as spending, money transfers, bill payments are all performed electronically and securely using the card.

We share the belief of our Iraqi partners that the technology can play a fundamental role in the upliftment of their economy.



BOTSWANA : "LIVE" ROLLOUT OF U.E.P.S. SMART CARDS TO GOVERNMENT FOOD GRANT BENEFICIARIES

"A system that will significantly reduce the costs normally associated with food basket distribution via traditional channels, including administration, management, labour and transportation."

Net 1 have successfully implemented the U.E.P.S. software applications required for the distribution of electronic government grants by SmartSwitch Botswana (Pty) Ltd to beneficiaries previously receiving monthly food baskets in Botswana. The Ministry of Local Government: Department of Social Services through its local councils and sub-district councils will be distributing grants using U.E.P.S smart cards commencing October 2008.

The system provided will offer a secure and convenient method for the distribution of electronic grants to approximately 100,000 beneficiaries comprising destitute persons, orphans and community home care patients. The Company expects the beneficiaries to benefit from the system as the distribution of electronic grants is faster than the distribution of traditional food baskets or benefits. This will significantly

reduce costs normally associated with food basket distribution via traditional channels, including administration, management, labour and transportation, but more importantly, will ensure that beneficiaries receiving these grants can only redeem the value loaded to their smart card in selected merchant outlets providing food supplies. The system is designed to provide a separate government grant wallet activated on a U.E.P.S. smart card which has the relevant security restriction to prohibit beneficiaries from using other U.E.P.S. products and services offered on the smart card, such as cash withdrawals, money transfers, bill payments and cash advances. The U.E.P.S. biometric fingerprint identification methodology ensures that the payment intended for these beneficiaries is actually received and redeemed in the form of food supplies.