

NET 1 UEPS TECHNOLOGIES INC
Form 424B5
December 11, 2013

Filed pursuant to Rule 424(b)(5)
Registration Statement 333-180059

Prospectus Supplement No. 1
(to Prospectus dated March 30, 2012)

4,400,000 Shares

Common Stock

We are selling 4,100,000 shares of our common stock directly to Business Venture Investments No 1567 (Proprietary) Limited (RF), or BEE SPV, and 300,000 shares directly to Born Free Investments 272 (Pty) Ltd, or Born Free, in each case at a price of ZAR 60.00 per share pursuant to this prospectus supplement and the accompanying prospectus. In this prospectus supplement, we refer to BEE SPV and Born Free collectively as the BEE partners and the shares being sold hereby as the BEE shares.

We are selling the BEE shares in two Black Economic Empowerment, or BEE, transactions pursuant to a Relationship Agreement with each of BEE SPV and Born Free. These BEE transactions are part of our efforts to strengthen the development of our business plan, and are in compliance with South African regulation and business practice. Our actions in support of achieving a stronger BEE standing build on our prior efforts, and the proposed structure is similar to transactions pursued by other leading South African companies across multiple industries.

The ZAR 60.00 per share purchase price for the BEE shares, which will be contractually restricted as to resale, will be paid in ZAR and represents 75% of the closing price of our shares of common stock on the JSE on December 6, 2013, the date we completed the final negotiation of the terms of these BEE transactions. On December 10, 2013, the USD/ZAR exchange rate was \$1.00/ ZAR 10.35.

The entire purchase price for the BEE shares will be financed through a five-year loan to be extended to each of the BEE partners by one of our wholly-owned South African subsidiaries. The obligations of the BEE partners under the loans are several, and not joint. Each of the BEE partners will grant our South African subsidiary a security interest in all the BEE shares being purchased by such BEE partner to secure the repayment of its loan. The principal amount of the loans being made by our South African subsidiary will be contributed by us to the capital of the subsidiary. As a result of the making of the loans, the net cash position of our company after the sale of the BEE shares will remain unchanged.

The loans will bear interest at a rate equal to the Johannesburg Interbank Rate (currently 550 basis points) plus 300 basis points. Interest on the loans is payable semi-annually in arrears on January 1 and July 1 of each year. 10% of the

outstanding principal amount of the loans will be payable on each of the first and second anniversaries of the date of issuance of the BEE shares, 15% of the outstanding principal amount of the loans will be payable on each of the third and fourth anniversaries of the date of issuance of the BEE shares and the remaining outstanding principal amount of the loans will be payable on the fifth anniversary of the date of issuance of the BEE shares. Further, the entire outstanding principal amount of the loans will be payable if the price of our common stock on the JSE equals or exceeds ZAR 120.00 per share at any time during term of the loans. Upon the occurrence of certain trigger events with respect to a BEE partner, the BEE shares held by that BEE partner may be repurchased by us or one of our designees. These trigger events include the following:

failure by the BEE partner to pay any amount due on its loan (including interest) to our South African subsidiary (in this case, we may repurchase only that number of BEE shares which would raise sufficient funds to settle any amount due and unpaid);

any other breach by the BEE partner (or in certain circumstances its shareholders) of any provision of the Relationship Agreement referred to below, including without limitation, its failure to maintain its BEE status;

our common stock trades at or below ZAR 60.00 on the JSE or at or below the equivalent trading price on Nasdaq;

the occurrence of certain insolvency events or liquidation proceedings affecting the BEE partner; or

the BEE partner fails to satisfy any judgment or arbitration award granted or made against it within 7 days.

If the trigger event involves a failure by a BEE partner to pay any amount due on its loan, then the repurchase price is the volume-weighted average price of our common stock on the Nasdaq for the period of 30 trading days prior to the trigger event, or 30-day VWAP. In the case of other trigger events, the repurchase price is the lower of the 30-day VWAP or ZAR 60.00 per share.

The BEE shares will be contractually restricted as to resale for a period of five years from the date of issuance, with the exception of periodic sales which may be made to fund the repayment of principal and interest on the loans. In addition, we may call the BEE shares then owned by the BEE partners, in exchange for either a minority interest in our wholly-owned subsidiary Cash Paymaster Service Proprietary Limited or for a cash payment equal to the 30-day VWAP. Further, after the fifth anniversary of the date of issuance of the BEE shares, we will have a right of first refusal on the shares owned by the BEE partners.

The loans to the BEE partners do not provide that they are recourse only to the BEE shares. Nevertheless, we expect that the sole source of repayment of the loans will be proceeds from the sale of our shares by the BEE partners from time to time, in open market or in privately negotiated transactions.

Further, BEE SPV is a special purpose entity whose only asset is expected to be its 4,100,000 BEE shares. To the extent that sales of the BEE shares by a BEE partner do not produce sufficient proceeds to repay all principal and interest on its loan, our loan to that BEE partner may not be repaid and our sole recourse will be to repurchase the BEE shares from that BEE partner as described above.

Closing of the BEE transactions is subject to the satisfaction of certain conditions contained in the Relationship Agreements, including receipt of any required regulatory approvals (including approval of the South African Reserve Bank) and the finalization of ancillary agreements. Closing of one transaction is not contingent on the closing of the other transaction.

Our common stock is currently listed on the Nasdaq Global Select Market under the symbol UEPS and on the JSE under the symbol NT1. On December 10, 2013, the last reported sale price of our shares on Nasdaq was \$8.23 per share and on the JSE was ZAR 80.00 per share, which is the equivalent of \$7.73 per share, based upon an exchange

rate of ZAR 10.35 to \$1.00 on that date, as reported by the South African Reserve Bank.

The total offering price of the BEE shares is ZAR 264,000,000, which is the equivalent of \$ 25,507,246, based on an exchange rate of ZAR 10.35 to \$1.00 on December 10, 2013.

Investing in our common stock involves risks. See Risk Factors on page S-2 of this prospectus supplement and page 3 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

Prospectus Supplement dated December 11, 2013.

TABLE OF CONTENTS

Prospectus Supplement
(to Prospectus dated March 30, 2012)

	Page
<u>About this Prospectus Supplement</u>	<u>S-1</u>
<u>Risk Factors</u>	<u>S-2</u>
<u>Use of Proceeds</u>	<u>S-2</u>
<u>Forward-Looking Statements</u>	<u>S-2</u>
<u>Plan of Distribution</u>	<u>S-3</u>

Prospectus

	Page
<u>About This Prospectus</u>	<u>2</u>
<u>Where You Can Find More Information</u>	<u>2</u>
<u>Incorporation of Information by Reference</u>	<u>2</u>
<u>Information Regarding Forward Looking Statements</u>	<u>3</u>
<u>Risk Factors</u>	<u>3</u>
<u>The Company</u>	<u>4</u>
<u>Use of Proceeds</u>	<u>6</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>6</u>
<u>Description of Securities</u>	<u>6</u>
<u>Description of Capital Stock</u>	<u>6</u>
<u>Description of Debt Securities</u>	<u>7</u>
<u>Description of Warrants</u>	<u>19</u>
<u>Description of Units</u>	<u>19</u>
<u>Forms of Securities</u>	<u>19</u>
<u>Selling Shareholders</u>	<u>21</u>
<u>Plan of Distribution</u>	<u>23</u>
<u>Experts</u>	<u>25</u>
<u>Legal Matters</u>	<u>25</u>

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of shares of our common stock. The second part is the accompanying prospectus, dated March 30, 2012, that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using the SEC's shelf registration rules. In this prospectus supplement, we provide you with specific information about the terms of this offering of the shares of common stock. Generally, when we refer to the prospectus, we are referring to this prospectus supplement and the accompanying prospectus combined.

Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing in the shares of common stock. Any statement in the accompanying prospectus will be deemed to have been modified or superseded to the extent that a statement contained in this prospectus supplement modifies or supersedes that statement, and any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of the accompanying prospectus. Before you invest in shares of our common stock, you should carefully read this prospectus supplement, along with the accompanying prospectus, in addition to the information contained in the documents incorporated and deemed to be incorporated by reference in this prospectus supplement and in the accompanying prospectus as described under [Where You Can Find More Information](#).

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we may prepare in connection with the disposition of these securities. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Throughout this prospectus, the terms [Net1](#), [Company](#), [we](#), [us](#) and [our](#) refer to Net 1 UEPS Technologies, Inc. and its consolidated subsidiaries, except if the context indicates otherwise.

RISK FACTORS

You should carefully consider the risk factors set forth under the caption [Risk Factors](#) in our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 and in our Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus supplement and under the caption [Risk Factors](#) or any similar caption in any of our other filings with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act incorporated by reference in this prospectus supplement or the accompanying prospectus, before making an investment decision. For more information, see [Where You Can Find More Information](#) in the accompanying prospectus.

USE OF PROCEEDS

We are financing the purchase price of the BEE shares through a loan to be made to each of the BEE partners by one of our wholly-owned South African subsidiaries and will contribute the proceeds of the loans to the capital of that subsidiary. Therefore, the net cash position of our company after the sale of the BEE shares will remain unchanged. We expect to use any amounts we receive in repayment of the loans to each of the BEE partners for general corporate purposes.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this prospectus and the documents incorporate by reference herein are based on the beliefs and assumptions of our management and on information currently available.

Forward-looking statements include information about possible or assumed future results of operations in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K and in our Quarterly Reports on Form 10-Q and filed separately with the Securities and Exchange Commission, and other statements preceded by, followed by or that include the words believes, expects, anticipates, intends, plans, estimates or similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level 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. These risks relate to matters such as our SASSA contract and related litigation, government investigations, our compliance with Black Economic Empowerment objectives, foreign currency fluctuations, financial institution counterparty risk, the ability to consummate and integrate acquisitions, our indebtedness, competition, the effect of economic conditions, competition and other risks detailed in our SEC filings. The forward-looking statements in this prospectus and the documents incorporated by reference speak only as of the date of the document in which the forward-looking statement is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

PLAN OF DISTRIBUTION

We are offering the BEE shares directly to BEE partners pursuant to a Relationship Agreement with each of BEE SPV and Born Free.

PROSPECTUS

\$500,000,000
Common Stock, Preferred Stock, Debt Securities,
Warrants and Units
and
6,409,091 Shares of Common Stock

This prospectus covers our offer and sale from time to time of any combination of common stock, preferred stock, debt securities, warrants or units described in this prospectus in one or more offerings. This prospectus provides a general description of the securities we may offer and sell. Each time we offer and sell securities we will provide specific terms of the securities offered in a supplement to this prospectus. The prospectus supplement may also add, update or change information contained in this prospectus. The aggregate offering price of all securities sold by us under this prospectus may not exceed \$500,000,000.

This prospectus also covers the resale by the selling shareholders identified in the **Selling Shareholders** section of this prospectus of up to an aggregate of 6,409,091 shares of our common stock issued. We will not receive any of the proceeds from the sale of shares of our common stock by the selling shareholders.

The securities may be offered and sold by us or the selling shareholders to or through one or more underwriters, dealers or agents or directly to purchasers on a continuous or delayed basis. See **Plan of Distribution**.

Our common stock is currently listed on the Nasdaq Global Select Market under the symbol **UEPS**. On March 22, 2012, the last reported sale price of our common stock was \$9.19 per share.

Investing in our securities involves risks that are referenced under the caption **Risk Factors on page 1 of this prospectus.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

This prospectus is dated March 30, 2012.

Neither we nor any selling shareholder has authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and an accompanying supplement to this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement.

This prospectus and the accompanying supplement to this prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus and the accompanying supplement to this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

TABLE OF CONTENTS

	<u>Page</u>
About This Prospectus	i
Where You Can Find More Information	i
Incorporation Of Information By Reference	i
Information Regarding Forward-Looking Statements	ii
Risk Factors	1
The Company	1
Use Of Proceeds	3
Ratio Of Earnings To Fixed Charges	4
Description Of Securities	5
Description Of Capital Stock	5
Description Of Debt Securities	6
Description Of Warrants	17
Description Of Units	18
Forms Of Securities	18
Selling Shareholders	21
Plan Of Distribution	23
Experts	25
Legal Matters	25

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this shelf process, we may offer and sell any combination of the securities described in this prospectus and the selling shareholders may offer and sell shares of common stock in one or more offerings. This prospectus provides you with a general description of the securities we or the selling shareholders may offer and sell. Each time we or the selling shareholders sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading **Where You Can Find More Information**.

Unless the context otherwise requires, Net1, Company, we, us and our refer to Net 1 UEPS Technologies, Inc. consolidated subsidiaries, and selling shareholders and selling shareholder refer to one or more of General Atlantic LLC and certain of its affiliates identified in the **Selling Shareholders** section of this prospectus. References to securities include any security that we or the selling shareholders might offer under this prospectus or any prospectus supplement.

We have filed or incorporated by reference exhibits to the registration statement of which this prospectus forms a part. You should read the exhibits carefully for provisions that may be important to you.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC at its principal office at 100 F Street NE, Room 1580, Washington, D.C. 20549-1004. The SEC maintains an Internet website at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our SEC filings are accessible through the Internet at that website. Our reports on Forms 10-K, 10-Q and 8-K, and amendments to those reports, are also available for download, free of charge, as soon as reasonably practicable after these reports are filed with the SEC, at our website at www.net1.com. The content of our website is not a part of this prospectus.

INCORPORATION OF INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information.

We incorporate by reference the documents listed below and any future filings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), between the date of this prospectus and the termination of the offering of the securities:

- Annual Report on Form 10-K for the fiscal year ended June 30, 2011;
- Quarterly Report on Form 10-Q for the fiscal quarters ended September 30, 2011 and December 31, 2011;
- Current Reports on Form 8-K filed, or filed portions of those reports, filed (but not portions of those reports which were furnished) on August 25, 2011, October 31, 2011, November 16, 2011, November 29, 2011, January 26, 2012, February 6, 2012 and February 9, 2012.
- financial statements of KSNET, Inc. included in our Current Report on Form 8- K/A filed on January 12, 2011;
- information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended June 30, 2011 from our Definitive Proxy Statement on Schedule 14A filed on October 28, 2011; and
- description of our common stock contained in Item 7 of Amendment No. 2 to our Form 10-SB filed on October 26, 2000, including any amendment or report filed for the purpose of updating such description.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus but not delivered with this prospectus excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You can request those documents from Mr. Herman G. Kotze at President Place, 4th Floor, Cnr. Jan Smuts Avenue and Bolton Road, Rosebank, Johannesburg, South Africa, telephone (2711) 343-2000.

The most recent information that we file with the SEC automatically updates and supersedes older information. The information contained in any such filing will be deemed to be a part of this prospectus, commencing on the date on which the filing is made.

Information furnished under Items 2.02 or 7.01 (or corresponding information furnished under Item 9.01 or included as an exhibit) in any past or future Current Report on Form 8-K that we file with the SEC, unless otherwise specified in such report, is not incorporated by reference in this prospectus.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Forward-looking statements in this prospectus and the documents incorporated by reference herein are based on the beliefs and assumptions of our management and on information currently available.

Forward-looking statements include information about possible or assumed future results of operations in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K, and other statements preceded by, followed by or that include the words believes, expects, anticipates, intends, plans, estimates or similar expressions.

These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our 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 our SEC filings. We undertake no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

RISK FACTORS

Our business is influenced by many factors that are difficult to predict, and that involve uncertainties that may materially affect our actual operating results, cash flows and financial condition. Before making an investment decision in our securities, you should carefully consider the specific factors set forth under the caption Risk Factors in the applicable prospectus supplement and in our periodic reports filed with the SEC that are incorporated by reference herein (including the Risk Factors section beginning on page 16 of our Annual Report on Form 10-K for the fiscal year ended June 30, 2011 and the Risk Factors section beginning on page 44 of our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2011) together with all of the other information appearing in this prospectus, in the applicable prospectus supplement or incorporated by reference into this prospectus in light of your particular investment objectives and financial circumstances.

THE COMPANY

We provide payment solutions and transaction processing services across a wide range of industries and in various geographies.

We have developed and market a smart-card based alternative payment system for the unbanked and underbanked populations of developing economies. Our market-leading system enables 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. Our universal electronic payment system, or UEPS, uses biometrically 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 our system can conduct transactions at any time with other card holders in even the most remote areas so long as a smart card reader, which is often portable and battery powered, is available. Our off-line systems also offer the highest level of availability and affordability by removing any elements that are costly and are prone to outages. In addition to effecting purchases, cash-backs and any form of payment, our system can be used for banking, health care management, international money transfers, voting and identification.

We also develop and provide secure transaction technology solutions and services, and offer transaction processing, financial and clinical risk management solutions to various industries. Our core competencies around secure online transaction processing, cryptography, mobile telephony and integrated circuit card (chip/smart card) technologies are principally applied to electronic commerce transactions in the telecommunications, banking, payroll, retail, health care, petroleum and utility industries.

Our technology is widely used in South Africa today, where we distribute pension and welfare payments, using our UEPS technology, to over 3.2 million recipients in five of South Africa's nine provinces on behalf of the South African Social Security Agency, or SASSA. We also process debit and credit card payment transactions on behalf of retailers that we believe represent nearly 65% of retailers within the formal retail sector in South Africa through our EasyPay system, process value-added services such as bill payments and prepaid electricity for the major bill issuers and local councils in South Africa and provide mobile telephone top-up transactions for all of the South African mobile carriers. We are the largest provider of third-party payroll payments in South Africa through our FIHRST service that processes monthly payments for approximately 1,250 employers representing over 850,000 employees. Our MediKredit service provides the majority of funders and providers of healthcare in South Africa with an on-line real-time management system for healthcare transactions. We perform a similar service in the United States through our XeoHealth subsidiary.

We also provide payment processing services in the Republic of Korea through KSNET, the second largest transaction processor by volume in Korea, which offers card processing, payment gateway and banking value-added services in that country.

Finally, our proprietary Mobile Virtual Card technology offers secure mobile payments and banking services in developed and emerging economies.

We are headquartered in Johannesburg, South Africa. More information about us is available on our web site at www.net1.com. Information on our web site is not incorporated by reference into this prospectus. Our principal executive offices are located at President Place, 4th Floor, Cnr. Jan Smuts Avenue and Bolton Road, Rosebank, Johannesburg, South Africa. Our phone number is (2711) 343-2000.

Recent Developments

On January 17, 2012, SASSA awarded to us a national tender for payment services in all of South Africa's provinces and on February 3, 2012, we and SASSA signed a new five-year contract that will become effective on April 1, 2012. Under the new contract, we will effect payment, on behalf of SASSA, of social grants to all persons who are entitled to receive such grants in all of South Africa's provinces, for a firm price of ZAR16.44 per beneficiary paid, inclusive of VAT. Our primary services include the enrolment of all eligible recipients, issuance of a smart card to each recipient and the biometric validation and payment of social grants to such recipients.

On January 26, 2012, we concluded a Broad-Based Black Economic Empowerment transaction to strengthen the development of our business plan, and in compliance with South African regulation and business practice. Under the terms of the deal, we have agreed to issue a consortium of black South Africans, community groups and the Net1 Foundation, or the BBBEE consortium, a one-year option to purchase up to 8,955,000 shares of our common stock, equal to 19.9% of our currently issued and outstanding shares, at an exercise price of \$8.96 per share.

The lead partner in the BBBEE consortium is Mosomo Investment Holdings, a black empowerment investment company with holdings in mining, financial services and mass banking businesses.

USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, we anticipate that the net proceeds from our sale of any securities will be used for general corporate purposes, including working capital, acquisitions, retirement of debt and other business opportunities. In the case of a sale by the selling shareholders, we will not receive any of the proceeds from such sale.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated.

	Six Months Ended			Fiscal Year Ended June 30,		
	December 31, 2011	2011	2010	2009	2008	2007
Ratio of earnings to fixed charges	10.45	4.92	52.93	14.32	11.45	9.19

The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For purposes of calculating the above ratios, earnings consist of net income from continuing operations before income tax expense and fixed charges. Fixed charges consist of interest expense (which includes interest on indebtedness and amortization of debt expense) and the portion of rents that we believe to be representative of the interest factor.

DESCRIPTION OF SECURITIES

This prospectus contains a summary of the securities that Net1 or certain selling shareholders to be identified in a prospectus supplement may sell. These summaries are not meant to be a complete description of each security. However, this prospectus and the accompanying prospectus supplement contain the material terms of the securities being offered.

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 200,000,000 shares of common stock and 50,000,000 shares of preferred stock. As of March 22, 2012, 45,552,304 shares of our common stock, par value \$0.001 per share, and no shares of our preferred stock, were outstanding.

Common Stock

The issued and outstanding shares of common stock are, and the shares of common stock that we may issue in the future will be, validly issued, fully paid and nonassessable. Holders of our common stock are entitled to share equally, share for share, if dividends are declared on our common stock, whether payable in cash, property or our securities. The shares of common stock are not convertible and the holders thereof have no preemptive or subscription rights to purchase any of our securities.

Upon liquidation, dissolution or winding up of our company, the holders of common stock are entitled to share equally, share for share, in our assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of any series of preferred stock then outstanding. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of shareholders. There is no cumulative voting. Except as otherwise required by law or our amended and restated articles of incorporation, the holders of common stock vote together as a single class on all matters submitted to a vote of shareholders.

Our common stock is listed on the Nasdaq Global Select Market under the symbol UEPS. We also have a secondary listing on the JSE Limited.

Preferred Stock

We may issue shares of preferred stock in series and may, at the time of issuance, determine the designations, preferences, conversion rights, cumulative, relative, participating optional or other rights, preferences and limitations of each series. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of our company before any payment is made to the holders of shares of common stock. In some circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our board of directors, without shareholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of common stock.

DESCRIPTION OF DEBT SECURITIES

The debt securities will be our direct unsecured general obligations. The debt securities will be either senior debt securities or subordinated debt securities. The debt securities will be issued under one or more separate indentures between us and The Bank of New York Mellon, as trustee. Senior debt securities will be issued under a senior indenture, which we refer to as the senior indenture. Subordinated debt securities will be issued under a subordinated indenture, which we refer to as the subordinated indenture. Together the senior indenture and the subordinated indenture are called the indentures.

We have summarized select portions of the material provisions of the indentures below. The summary is not complete. The forms of the indentures have been filed as exhibits to the registration statement of which this prospectus forms a part, and you should read the indentures for provisions that may be important to you. We will indicate in the applicable prospectus supplement any material variation from the expected terms of the indentures described below.

General

The debt securities will be our direct unsecured general obligations. The senior debt securities will rank equally with all of our other senior and unsubordinated debt. The subordinated debt securities will have a junior position to all of our senior debt.

Because we are a holding company that conducts all of its operations through subsidiaries, holders of the debt securities will have a junior position to claims of creditors of our subsidiaries, including trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any preferred stockholders, except to the extent that the debt securities are guaranteed by one or more subsidiary guarantees.

The provisions of each indenture allow us to reopen a previous issue of a series of debt securities and issue additional debt securities of that series.

A prospectus supplement relating to any series of debt securities being offered will include specific terms relating to the offering. The terms will be established in an officers' certificate or a supplemental indenture. The officers' certificate or supplemental indenture will be signed at the time of issuance and will contain important information. The officers' certificate or supplemental indenture will be filed as an exhibit to a Current Report on Form 8-K of Net1, which will be publicly available. The officers' certificate or supplemental indenture will include some or all of the following terms for a particular series of debt securities:

- the title of the securities;
- any limit on the amount that may be issued;
- whether or not the debt securities will be issued in global form and who the depository will be;
- the maturity date(s);
- the interest rate or the method of computing the interest rate;
- the date or dates from which interest will accrue, or how such date or dates will be determined, and the interest payment date or dates and any related record dates;
- the place(s) where payments will be made;
- Net1's right, if any, to defer payment of interest and the maximum length of any deferral period;
- the terms and conditions on which the debt securities may be redeemed at the option of Net1;
- the date(s), if any, on which, and the price(s) at which Net1 is obligated to redeem, or at the holder's option to purchase, such series of debt securities and other related terms and provisions;
- any provisions granting special rights to holders when a specified event occurs;
- any changes to or additional events of default or covenants;
- any special tax implications of the debt securities;

- the denominations in which the debt securities will be issued, if other than denominations of \$1,000 and whole multiples of \$1,000;
- the subordination terms of any subordinated debt securities; and
- any other terms that are not inconsistent with the indenture.

Fixed Rate Debt Securities

Each fixed rate debt security will mature on the date specified in the applicable prospectus supplement. Each fixed rate debt security will bear interest from the date of issuance at the annual rate stated on its face until the principal is paid or made available for payment. Interest on fixed rate debt securities will be computed on the basis of a 360-day year of twelve 30-day months. Interest on fixed rate debt securities will accrue from and including the most recent interest payment date in respect of which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from and including the issue date or any other date specified in a prospectus supplement on which interest begins to accrue. Interest will accrue to but excluding the next interest payment date, or, if earlier, the date of maturity or earlier redemption or repayment, as the case may be.

Payments of interest on fixed rate debt securities will be made on the interest payment dates specified in the applicable prospectus supplement. However, if the first interest payment date is less than 15 days after the date of issuance, interest will not be paid on the first interest payment date, but will be paid on the second interest payment date.

Unless otherwise specified in the applicable prospectus supplement, if any scheduled interest payment date, maturity date or date of redemption or repayment is not a business day, then we may pay the applicable interest, principal and premium, if any, on the next succeeding business day, and no additional interest will accrue during the period from and after the scheduled interest payment date, maturity date or date of redemption or repayment.

A fixed rate debt security may pay a level amount in respect of both interest and principal amortized over the life of the debt security. Payments of principal and interest on amortizing debt securities will be made on the interest payment dates specified in the applicable prospectus supplement, and at maturity or upon any earlier redemption or repayment. Payments on amortizing debt securities will be applied first to interest due and payable and then to the reduction of the unpaid principal amount. We will provide to the original purchaser, and will furnish to subsequent holders upon request to us, a table setting forth repayment information for each amortizing debt security.

Floating Rate Debt Securities

Each floating rate debt security will mature on the date specified in the applicable prospectus supplement.

Unless otherwise specified in the applicable prospectus supplement, each floating rate debt security will bear interest at LIBOR plus a margin to be specified in the applicable prospectus supplement. A floating rate debt security may also have either or both of the following limitations on the interest rate:

- a maximum limitation, or ceiling, on the rate of interest which may accrue during any interest period, which we refer to as the maximum interest rate ; and/or
- a minimum limitation, or floor, on the rate of interest that may accrue during any interest period, which we refer to as the minimum interest rate.

Any applicable maximum interest rate or minimum interest rate will be set forth in the applicable prospectus supplement.

Interest on floating rate debt securities will accrue from and including the most recent interest payment date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from and including the issue date or any other date specified in a prospectus supplement on which interest begins to accrue. Interest will accrue to but excluding the next interest payment date, or, if earlier, the date on which the principal has been paid or duly made available for payment, except as described below.

The interest rate in effect from the date of issue to the first interest reset date for a floating rate debt security will be the initial interest rate specified in the applicable prospectus supplement. We refer to this rate as the initial interest rate. The interest rate on each floating rate debt security may be reset daily, weekly, monthly, quarterly, semiannually or annually. This period is the interest reset period and the first day of each interest reset period is the interest reset date. The interest determination date for any interest reset date is the day the calculation agent will refer to when determining the new interest rate at which a floating rate will reset. LIBOR for each interest reset date, other than for the initial interest rate, will be determined by the calculation agent as follows:

- (i) LIBOR will be the offered rate for deposits in U.S. dollars for the three month period which appears on Telerate Page 3750 at approximately 11:00 a.m., London time, two London banking days prior to the applicable interest reset date.
- (ii) If this rate does not appear on the Telerate Page 3750, the calculation agent will determine the rate on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (selected by the calculation agent after consulting with us) at approximately 11:00 a.m., London time, two London banking days prior to the applicable interest reset date to prime banks in the London interbank market for a period of three months commencing on that interest reset date and in principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time. In such case, the calculation agent will request the principal London office of each of the aforesaid major banks to provide a quotation of such rate. If at least two such quotations are provided, LIBOR for that interest reset date will be the average of the quotations. If fewer than two quotations are provided as requested, LIBOR for that interest reset date will be the average of the rates quoted by three major banks in New York, New York (selected by the calculation agent after consulting with us) at approximately 11:00 a.m., New York time, two London banking days prior to the applicable interest reset date for loans in U.S. dollars to leading banks for a period of three months commencing on that interest reset date and in a principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided that if fewer than three quotations are provided as requested, for the period until the next interest reset date, LIBOR will be the same as the rate determined on the immediately preceding interest reset date.

The interest reset dates will be specified in the applicable prospectus supplement. If an interest reset date for any floating rate debt security falls on a day that is not a business day, it will be postponed to the following business day, except that, if that business day is in the next calendar month, the interest reset date will be the immediately preceding business day.

A London banking day is any day in which dealings in U.S. dollar deposits are transacted in the London interbank market. Telerate Page 3750 means the display page so designated on the Telerate Service for the purpose of displaying London interbank offered rates of major banks (or any successor page).

The applicable prospectus supplement will specify a calculation agent for any issue of floating rate debt securities. The calculation agent will, upon the request of the holder of any floating rate debt security, provide the interest rate then in effect. All calculations made by the calculation agent in the absence of willful misconduct, bad faith or manifest error shall be conclusive for all purposes and binding on us and the holders of the floating rate debt securities. We may appoint a successor calculation agent at any time at our discretion and without notice.

All percentages resulting from any calculation of the interest rate with respect to the floating rate debt securities will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) would be rounded to 9.87654% (or .0987654)), and all dollar amounts in or resulting from any such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

Interest on the floating rate debt securities will be computed and paid on the basis of a 360-day year and the actual number of days in each interest payment period. The interest rate on the floating rate debt securities will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

We will pay interest on floating rate debt securities on the interest payment dates specified in the applicable prospectus supplement. However, if the first interest payment date is less than 15 days after the date of issuance, interest will not be paid on the first interest payment date, but will be paid on the second interest payment date. If any scheduled interest payment date, other than the maturity date or any earlier redemption or repayment date, for any floating rate debt security falls on a day that is not a business day, it will be postponed to the following business day, except that if that business day would fall in the next calendar month, the interest payment date will be the immediately preceding business day.

If the scheduled maturity date or any earlier redemption or repayment date of a floating rate debt security falls on a day that is not a business day, the payment of principal, premium, if any, and interest, if any, will be made on the next succeeding business day, but interest on that payment will not accrue during the period from and after the maturity, redemption or repayment date.

Conversion or Exchange Rights

The prospectus supplement will describe the terms, if any, on which a series of debt securities may be convertible into or exchangeable for our common stock, preferred stock, debt securities or other securities, or securities of third parties. These terms will include provisions as to whether conversion or exchange is mandatory, at the option of the holder or at the option of Net1. These provisions may allow or require adjustment of the number of shares of common stock or other securities of Net1 to be received by the holders of such series of debt securities.

Optional Redemption

Unless the prospectus supplement relating to any series of debt securities provides otherwise with respect to such series, each series of debt securities will be redeemable in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the series of debt securities to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest on the series of debt securities to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the then current Treasury Rate plus a spread as specified in the applicable prospectus supplement.

In each case we will pay accrued and unpaid interest on the principal amount to be redeemed to the date of redemption.

Comparable Treasury Issue means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term (**Remaining Life**) of the series of debt securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such series of debt securities.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means the investment banking institution or institutions specified in the applicable prospectus supplement and their respective successors, or, if such firms or the successors, if any, to such firm or firms, as the case may be, are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

Reference Treasury Dealer means the investment banking institutions specified as such in the applicable prospectus supplement; provided, however, that if any of them ceases to be a primary U.S. Government securities dealers (each a Primary Treasury Dealer), we will substitute another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per year equal to:

- (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue; provided that, if no maturity is within three months before or after the remaining life of the series of debt securities to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or
- (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third business day preceding the redemption date. As used in the immediately preceding sentence and in the definition of Reference Treasury Dealer Quotations above, the term business day means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

Notice of any redemption will be mailed at least 30 but not more than 60 days before the redemption date to each holder of record of the series of debt securities to be redeemed at its registered address. The notice of redemption will state, among other things, the amount of the series of debt securities to be redeemed, the redemption date, the manner in which the redemption price will be calculated and the place or places that payment will be made upon presentation and surrender of the series of debt securities to be redeemed. If less than all of a series of debt securities are to be redeemed at our option, the trustee will select, in a manner it deems fair and appropriate, the debt securities of that series, or portions of the debt securities of that series, to be redeemed. Unless we default in the payment of the redemption price with respect to any debt securities called for redemption, interest will cease to accrue on such debt securities at the redemption date.

We will not be required (i) to issue, register the transfer of or exchange any series of debt securities during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any debt securities of any series so selected for redemption in whole or in part, except the unredeemed portion of any such series of debt securities being redeemed in part.

Covenants

Under the indentures, Net1 agrees to pay the interest, principal and any premium on the debt securities when due, and to maintain a place of payment. In addition, we must comply with the covenants described below:

Limitation on Liens on Stock of our Significant Subsidiaries. The indentures prohibit us and our subsidiaries from directly or indirectly creating, assuming, incurring or permitting to exist any Indebtedness secured by any lien on the voting stock or voting equity interest of our Significant Subsidiaries (as defined in the indentures) unless the debt securities then outstanding (and, if we so elect, any other Indebtedness of Net1 that is not subordinate to such debt securities and with respect to which we are obligated to provide such security) are secured equally and ratably with such Indebtedness for so long as such Indebtedness is so secured. Indebtedness is defined as the principal of and any premium and interest due on indebtedness of a person (as defined in the indentures), whether outstanding on the original date of issuance of a series of debt securities or thereafter created, incurred or assumed, which is (a) indebtedness for money borrowed and (b) any amendments, renewals, extensions, modifications and refundings of any such indebtedness. For the purposes of this definition, indebtedness for money borrowed means (1) any obligation of, or any obligation guaranteed by, such person for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments, (2) any obligation of, or any obligation guaranteed by, such person evidenced by bonds, debentures, notes or similar written instruments, including obligations assumed or incurred in connection with the acquisition of property, assets or businesses (provided, however, that the deferred purchase price of any business or property or assets shall not be considered Indebtedness if the purchase price thereof is payable in full within 90 days from the date on which such indebtedness was created), and (3) any obligations of such person as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles and leases of property or assets made as part of any sale and lease-back transaction to which such person is a party. For purposes of this covenant only, Indebtedness also includes any obligation of, or any obligation guaranteed by, any person for the payment of amounts due under a swap agreement or similar instrument or agreement, or under a foreign currency hedge or similar instrument or agreement. If we are required to secure outstanding debt securities equally and ratably with other Indebtedness under this covenant, we will be required to document our compliance with the covenant and thereafter the trustee will be authorized to enter into a supplemental agreement or indenture and to take such action as it may deem advisable to enable it to enforce the rights of the holders of the outstanding debt securities so secured.

Provision of Compliance Certificate. We are required under the indentures to deliver to the trustee within 120 days after the end of each fiscal year an officer's certificate certifying as to our compliance with all conditions and covenants under the relevant indenture, or if we are not in compliance, identifying and describing the nature and status of such non-compliance.

Consolidation, Merger or Sale

The indentures do not restrict the ability of Net1 to merge or consolidate, or sell, convey, transfer or lease all or substantially all of its assets as long as certain conditions are met. We may only merge or consolidate with, or convey, transfer or lease all of our assets to, any person, if doing so will not result in an event of default. Any such successor, acquiror or lessor of such assets must expressly assume all of the obligations of Net1 under the indentures and the debt securities and will succeed to every right and power of Net1 under the indentures. Thereafter, except in the case of a lease, the predecessor or transferor of such assets will be relieved of all obligations and covenants under the relevant indenture and debt securities.

Events of Default Under the Indentures

The following are events of default under the indentures with respect to any series of debt securities issued:

- we fail to pay interest when due and such failure continues for 90 days, unless the time for payment has been properly extended or deferred in accordance with the terms of the particular series;
- we fail to pay the principal or any premium when due, unless the maturity has been properly extended in accordance with the terms of the particular series;
- we fail to observe or perform any other covenant or agreement contained in the debt securities or the indentures, other than a covenant or agreement specifically relating to another series of debt securities, and such failure continues for 90 days after we receive a notice of default from the trustee or from the holders of at least 25% in aggregate principal amount of the outstanding debt securities of all of the affected series;
- certain events of bankruptcy or insolvency, whether voluntary or not; and
- any additional events of default that may be established with respect to a particular series of debt securities under the indentures, as may be specified in the applicable prospectus supplement.

If, with regard to any series, an event of default resulting from a failure to pay principal, any premium or interest occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of that series may declare the principal of all debt securities of that series immediately due and payable.

If an event of default other than a failure to pay principal, any premium or interest occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of all affected series (all such series voting together as a single class) may declare the principal of all debt securities of such affected series immediately due and payable.

The holders of a majority in principal amount of the outstanding debt securities of all affected series (voting together as a single class) may waive any past default with respect to such series and its consequences, except a default or events of default regarding payment of principal, any premium or interest, in which case the holders of the outstanding debt securities of each affected series shall vote to waive such default or event of default as a separate class. Such a waiver will eliminate the default.

Unless otherwise specified in the indentures, if an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of its rights or powers under the relevant indenture unless the holders of the debt securities have offered the trustee indemnity reasonably satisfactory to the trustee against the costs, expenses and liabilities that it might incur. The holders of a majority in principal amount of the outstanding debt securities of all series affected by an event of default, voting together as a single class, or, in the event of a default in the payment of principal, any premium or interest, the holders of a majority of the principal amount outstanding of each affected series voting as a separate class, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee with respect to the debt securities of such series, provided that:

- such direction is not in conflict with any law or the applicable indenture or unduly prejudicial to the rights of holders of any other series of debt securities outstanding under the applicable indenture; and
- unless otherwise provided under the Trust Indenture Act, the trustee need not take any action that might involve it in personal liability.

A holder of the debt securities of a particular series will only have the right to institute a proceeding under the indentures or to appoint a receiver or trustee, or to seek other remedies, in each case with respect to such series of debt securities, if:

- the holder has given written notice to the trustee of a continuing event of default;
- in the case of an event of default relating to the payment of principal, any premium or interest, the holders of at least 25% in aggregate principal amount of the outstanding debt securities of the particular series have made written request to the trustee to institute proceedings as trustee;
- in the case of an event of default not relating to payment of principal, any premium or interest, the holders of at least 25% in aggregate principal amount of the outstanding debt securities of all series affected by such event of default (voting together as a single class) have made written request to the trustee to institute proceedings as trustee;
- such holders have offered indemnity reasonably satisfactory to the trustee to cover the cost of the proceedings; and
- the trustee does not institute a proceeding, and does not receive conflicting directions from a majority in principal amount of the outstanding debt securities of (i) the particular series, in the case of an event of default relating to the payment of principal, any premium or interest or (ii) all affected series, in the case of an event of default not relating to the payment of principal, any premium or interest, in each case, within 60 days of receiving the written notice of an event of default.

Modification of Indenture; Waiver

Without the consent of any holders of debt securities, Net1 and the trustee may change an indenture:

- to fix any ambiguity, defect or inconsistency in the indenture;
- to effect the assumption of a successor corporation of our obligations under such indenture and the outstanding debt securities;
- to add to our covenants for the benefit of the holders of all or any series of debt securities under such indenture or surrender any right or power we have under such indenture;
- to change anything that does not materially adversely affect the interests of any holder of debt securities of any series; and
- to effect certain other limited purposes described in the indenture.

The rights of holders of a series of debt securities may be changed by Net1 and the trustee with the written consent of the holders of a majority of the principal amount of the outstanding debt securities of all series then outstanding under the relevant indenture (all such series voting together as a single class). However, the following changes may only be made with the consent of each holder of debt securities of each series affected by the change:

- extending the fixed maturity;
- reducing the principal amount;
- reducing the rate of or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the percentage of debt securities referred to above, the holders of which are required to consent to any amendment; or
- in respect of the subordinated indenture, making any change to the subordination terms of any debt security that would adversely affect the holders of the debt securities of that series.

Rights and Duties of the Trustee

The trustee, except when there is an event of default, will perform only those duties as are specifically stated in the indentures.

If an event of default has occurred with respect to any series of debt securities, the trustee must exercise with respect to such debt securities the rights and powers it has under the indenture and use the same degree of care and skill as a prudent person would exercise or use in the conduct of his or her own affairs. Except as provided in the preceding sentence, the trustee is not required to exercise any of the powers given it by the indentures at the request of any holder of debt securities unless it is offered reasonable security or indemnity against the costs, expenses and liabilities that it might incur. The trustee is not required to spend or risk its own money or otherwise become financially liable while performing its duties or exercising its rights or powers unless it reasonably believes that it will be repaid or receive adequate indemnity. The trustee will not be deemed to have any notice of any default or event of default unless a responsible officer of the trustee has actual knowledge of or receives written notice of the default which specifies the affected securities and the relevant indenture. Furthermore, the rights and protections of the trustee, including its right of indemnification under the indentures, extend to the trustee's officers, directors, agents and employees, and will survive the trustee's resignation and removal.

Payment and Paying Agents

We will pay interest on any debt securities to the person in whose name the debt securities are registered on the regular record date for the applicable interest payment date.

We will pay principal, any premium and interest on the debt securities of a particular series at the office of one or more paying agents that we designate for that series. Unless otherwise stated in the applicable supplemental indenture and prospectus supplement, we will initially designate the corporate trust office of the trustee in the City of New York as our sole paying agent. We will be required to maintain a paying agent in each place of payment for the debt securities.

All money we pay to a paying agent or the trustee for the payment of principal, any premium or interest on any debt security which remains unclaimed for a period of two years after the principal, premium or interest has become due and payable will, upon our request, be repaid to us, and the holder of the debt security may then look only to us for payment of those amounts.

Governing Law

The indentures and the debt securities will be governed by and interpreted in accordance with the laws of the State of New York.

Subordination of Subordinated Debt Securities

The subordinated debt securities will be unsecured and will be subordinate and junior in priority of payment to our other indebtedness on the terms described in the prospectus supplement relating to such securities. The subordinated indenture does not limit the amount of subordinated debt securities which we may issue, nor does it limit our ability to issue any other secured or unsecured debt.

The prospectus supplement relating to any series of subordinated debt securities will disclose the amount of debt of Net1 that will be senior to those subordinated debt securities.

Subsidiary Guarantees

If specified in the prospectus supplement, certain of our subsidiaries may guarantee our obligations relating to debt securities issued under this prospectus. The specific terms and provisions of each subsidiary guarantee will be disclosed in the applicable prospectus supplement.

DESCRIPTION OF WARRANTS

We may issue warrants to purchase our debt or equity securities or securities of third parties or other rights, including rights to receive payment in cash or securities based on the value, rate or price of one or more specified commodities, currencies, securities or indices, or any combination of the foregoing. Warrants may be issued independently or together with any other securities and may be attached to, or separate from, such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent. The terms of any warrants to be issued and a description of the material provisions of the applicable warrant agreement will be set forth in the applicable prospectus supplement.

DESCRIPTION OF UNITS

As specified in the applicable prospectus supplement, we may issue units consisting of warrants, debt securities, shares of preferred stock, shares of common stock or any combination of such securities.

FORMS OF SECURITIES

Each debt security, warrant and unit will be represented either by a certificate issued in definitive form to a particular investor or by one or more global securities representing the entire issuance of securities. Certificated securities in definitive form and global securities will be issued in registered form. Definitive securities name you or your nominee as the owner of the security, and in order to transfer or exchange these securities or to receive payments other than interest or other interim payments, you or your nominee must physically deliver the securities to the trustee, registrar, paying agent or other agent, as applicable. Global securities name a depository or its nominee as the owner of the debt securities, warrants or units represented by these global securities. The depository maintains a computerized system that will reflect each investor's beneficial ownership of the securities through an account maintained by the investor with its broker/dealer, bank, trust company or other representative, as we explain more fully below.

Registered Global Securities

We may issue the registered debt securities, warrants and units in the form of one or more fully registered global securities that will be deposited with a depository or its nominee identified in the applicable prospectus supplement and registered in the name of that depository or nominee. In those cases, one or more registered global securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal or face amount of the securities to be represented by registered global securities. Unless and until it is exchanged in whole for securities in definitive registered form, a registered global security may not be transferred except as a whole by and among the depository for the registered global security, the nominees of the depository or any successors of the depository or those nominees.

If not described below, any specific terms of the depositary arrangement with respect to any securities to be represented by a registered global security will be described in the prospectus supplement relating to those securities. We anticipate that the following provisions will apply to all depositary arrangements.

Ownership of beneficial interests in a registered global security will be limited to persons, called participants, that have accounts with the depositary or persons that may hold interests through participants. Upon the issuance of a registered global security, the depositary will credit, on its book-entry registration and transfer system, the participants accounts with the respective principal or face amounts of the securities beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the securities will designate the accounts to be credited. Ownership of beneficial interests in a registered global security will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depositary, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants. The laws of some states may require that some purchasers of securities take physical delivery of these securities in definitive form. These laws may impair your ability to own, transfer or pledge beneficial interests in registered global securities.

So long as the depositary, or its nominee, is the registered owner of a registered global security, that depositary or its nominee, as the case may be, will be considered the sole owner or holder of the securities represented by the registered global security for all purposes under the applicable indenture, warrant agreement or unit agreement. Except as described below, owners of beneficial interests in a registered global security will not be entitled to have the securities represented by the registered global security registered in their names, will not receive or be entitled to receive physical delivery of the securities in definitive form and will not be considered the owners or holders of the securities under the applicable indenture, warrant agreement or unit agreement. Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depositary for that registered global security and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of a holder under the applicable indenture, warrant agreement or unit agreement. We understand that under existing industry practices, if we request any action of holders or if an owner of a beneficial interest in a registered global security desires to give or take any action that a holder is entitled to give or take under the applicable indenture, warrant agreement or unit agreement, the depositary for the registered global security would authorize the participants holding the relevant beneficial interests to give or take that action, and the participants would authorize beneficial owners owning through them to give or take that action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal, premium, if any, and interest payments on debt securities, and any payments to holders with respect to warrants or units, represented by a registered global security registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the registered global security. None of Net1, the trustees, the warrant agents, the unit agents or any other agent of Net1, agent of the trustees or agent of the warrant agents or unit agents will have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered global security or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

We expect that the depository for any of the securities represented by a registered global security, upon receipt of any payment of principal, premium, interest or other distribution of underlying securities or other property to holders on that registered global security, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global security as shown on the records of the depository. We also expect that payments by participants to owners of beneficial interests in a registered global security held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of those participants.

If the depository for any of these securities represented by a registered global security is at any time unwilling or unable to continue as depository or ceases to be a clearing agency registered under the Exchange Act, and a successor depository registered as a clearing agency under the Exchange Act is not appointed by us within 90 days, we will issue securities in definitive form in exchange for the registered global security that had been held by the depository. Any securities issued in definitive form in exchange for a registered global security will be registered in the name or names that the depository gives to the relevant trustee, warrant agent, unit agent or other relevant agent of ours or theirs. It is expected that the depository's instructions will be based upon directions received by the depository from participants with respect to ownership of beneficial interests in the registered global security that had been held by the depository.

SELLING SHAREHOLDERS

An aggregate of 6,409,091 shares of common stock may be offered for sale and sold from time to time pursuant to this prospectus by the selling shareholders, which term in this prospectus refers to investment funds affiliated with General Atlantic LLC, a Delaware limited liability company, and their respective transferees, distributees, pledgees, donees, assignees or other successors. We are paying all of the expenses in connection with such registration and the sale of the shares, other than selling commissions and the fees and expenses of counsel and other advisors to the selling shareholders. Information concerning the selling shareholders may change from time to time, and any changed information will be set forth if and when required in prospectus supplements or other appropriate forms permitted to be used by the SEC. Mr. Tom Tinsley, a member of our board, serves as an advisory director of General Atlantic LLC and has served since 2008 as the director nominated by the selling shareholders pursuant to a stock purchase agreement dated July 18, 2005 among us, certain investment funds affiliated with General Atlantic LLC and certain shareholders named therein. On November 10, 2011, we entered into a registration rights agreement with the selling shareholders, pursuant to which we granted the selling shareholders certain registration rights. Other than noted above, none of the selling shareholders has had any material relationship within the past three years with us or, to our knowledge, our affiliates. To our knowledge, none of the selling shareholders is a broker-dealer and/or affiliated with a broker-dealer.

The following table sets forth, for the selling shareholders to the extent known by us, the number of shares of our common stock beneficially owned, the number of shares of our common stock offered hereby and the number of shares and percentage of outstanding common stock to be owned after completion of this offering, assuming all shares offered hereby are sold.

To our knowledge, the selling shareholders have shared voting and investment power with respect to their shares of common stock.

All of the information contained in the table below is based solely upon information provided to us by the selling shareholders or otherwise known by us. In addition to the shares offered hereby, the selling shareholders may otherwise beneficially own our shares of common stock as a result of, among others, open market purchases, which information is not obtainable by us without undue effort and expense. The selling shareholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time or from time to time since the date on which the information regarding the shares beneficially owned was last known by us, all or a portion of the shares beneficially owned in transactions exempt from the registration requirements of the Securities Act.

The number of shares outstanding and the percentages of beneficial ownership are based on 45,552,304 shares of our common stock issued and outstanding as of March 12, 2012.

For the purposes of the following table, the number of shares of our common stock beneficially owned has been determined in accordance with Rule 13d-3 under the Exchange Act, and such information is not necessarily indicative of beneficial ownership for any other purpose. Under Rule 13d-3, beneficial ownership includes any shares as to which a selling shareholder has sole or shared voting power or investment power and also any shares which that selling shareholder has the right to acquire within 60 days of the date of this prospectus through the exercise of any stock option.

Name of Selling Shareholder	Number of	Number of	Number of	% of Common
	Shares		Shares	Stock
	Beneficially	Shares Offered	Beneficially	Beneficially
	Owned		Owned	Owned
	Prior to the		After the	After the
	Offering		Offering	Offering

Investment funds affiliated with General Atlantic LLC ⁽¹⁾	6,409,091	6,409,091	0	0
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(1) Includes 3,105,138 shares owned by General Atlantic Partners 80, L.P., a Delaware limited partnership (GAP 80), 2,730,766 shares owned by General Atlantic Partners 82, L.P., a Delaware limited partnership (GAP 82), 108,920 shares owned by GapStar, LLC, a Delaware limited liability company (GapStar), 360,565 shares owned by GAP Coinvestments III, LLC, a Delaware limited liability company (GAPCO III), 90,185 shares owned by GAP Coinvestments IV, LLC, a Delaware limited liability company (GAPCO IV), 11,567 shares owned by GAPCO GmbH & Co. KG, a German limited partnership (KG) and 1,950 shares owned by GAP Coinvestments CDA, L.P., a Delaware limited partnership (GAPCO CDA). General Atlantic LLC (GA) is the general partner of GAP 80, GAP 82 and GAPCO CDA. GA is also the managing member of GAPCO III and GAPCO IV. Certain managing directors of GA are the members of GapStar. GAPCO Management GmbH, a German corporation (GmbH Management), is the general partner of KG. There are 25 managing directors of GA. The managing directors of GA share voting and dispositive power with respect to the shares of common stock held by the General Atlantic entities, and voting and disposition decisions are made by a portfolio committee of the managing directors. The current members of the portfolio committee are Andrew C. Pearson, William E. Ford, David C. Hodgson, Cory A. Eaves, Rene M. Kern and Philip P. Trahanas. The managing directors of GA disclaim beneficial ownership of the shares held by the General Atlantic entities. The business address of the General Atlantic entities (other than KG and GmbH Management) is c/o General Atlantic Service Company, LLC, Three Pickwick Plaza, Greenwich, Connecticut 06830. The business address of KG and GmbH Management is Koenigsallee 62, 40212 Duesseldorf, Germany.

PLAN OF DISTRIBUTION

We and/or the selling shareholders, if applicable, may sell or dispose of the securities in one or more of the following ways (or in any combination) from time to time:

- through underwriters or dealers;
- directly to a limited number of purchasers or to a single purchaser (including block transactions);
- through agents; or
- an offering of shares by way of a distribution to shareholders, partners or members.

The prospectus supplement will state the terms of the offering of the securities, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of such securities and the proceeds to be received by us, if any;
- any underwriting discounts or agency fees and other items constituting underwriters or agents compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallocated or paid to dealers; and
- any securities exchanges on which the securities may be listed.

Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If we and/or the selling shareholders, if applicable, use underwriters in the sale, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including:

- negotiated transactions;
- at a fixed public offering price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to prevailing market prices; or
- at negotiated prices.

Unless otherwise stated in a prospectus supplement, the obligations of the underwriters to purchase any securities will be conditioned on customary closing conditions and the underwriters will be obligated to purchase all of such series of securities, if any are purchased.

We and/or the selling shareholders, if applicable, may sell the securities through agents from time to time. The prospectus supplement will name any agent involved in the offer or sale of the securities and any commissions we pay to them. Generally, any agent will be acting on a best efforts basis for the period of its appointment.

We and/or the selling shareholders, if applicable, may authorize underwriters, dealers or agents to solicit offers by certain purchasers to purchase the securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth any commissions we pay for solicitation of these contracts.

The selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of our common stock in the course of hedging the positions they assume with the selling shareholders. The selling shareholders may also enter into options or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealer or other financial institution of shares offered hereby, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The selling shareholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided they meet the criteria and conform to the requirements of such Rule.

As used herein, selling shareholders includes donees, pledgees, distributees, transferees or other successors-in-interest selling shares received after the date of this prospectus from a named selling shareholder as a gift, pledge, partnership distribution or other non-sale related transfer.

Underwriters and agents may be entitled under agreements entered into with us and/or the selling shareholders, if applicable, to indemnification by us and/or the selling shareholders, if applicable, against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribution with respect to payments which the underwriters or agents may be required to make. Underwriters and agents may be customers of, engage in transactions with, or perform services for us and our affiliates in the ordinary course of business.

Each series of securities will be a new issue of securities and will have no established trading market other than the common stock which is listed on the Nasdaq Global Select Market. Any underwriters to whom securities are sold for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. The securities, other than the common stock, may or may not be listed on a national securities exchange.

EXPERTS

The consolidated financial statements of Net1 UEPS Technologies, Inc. incorporated in this prospectus by reference from the Annual Report on Form 10-K of Net 1 UEPS Technologies, Inc. for the fiscal year ended June 30, 2011, and the effectiveness of Net 1 UEPS Technologies, Inc.'s internal control over financial reporting have been audited by Deloitte & Touche (South Africa), an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The financial statements incorporated in this prospectus by reference from our Current Report on Form 8-K/A filed on January 12, 2011 have been audited by Ernst & Young Han Young, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

DLA Piper LLP (US), New York, New York, will provide us with an opinion as to certain legal matters in connection with the securities being offered hereby.

**4,400,000 Shares
Common Stock**

**PROSPECTUS SUPPLEMENT
December 11, 2013**
