

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended SEPTEMBER 30, 2000

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 65-0903895

NET 1 UEPS TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its Charter)

FLORIDA

65-0903895

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

507-700 West Pender Street
Vancouver, British Columbia, Canada

V6C1G8

Address of executive offices)

(Zip Code)

Registrant's telephone number, including area code: (604) 669-4561

Former Name, Former Address and Former Fiscal Year, if changed since last Report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable dated.

Common Stock Outstanding as of September 30, 2000: 15,602,856 Shares

NET I UEPS TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)

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FOR THE QUARTER ENDED SEPTEMBER 30, 2000

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Condensed Statements of Operations (Unaudited) for the nine months ended September 30, 2000 and 1999, the three months ended September 30, 2000 and 1999 and from May 8, 1997 (inception) to September 30, 2000.

Condensed Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2000 and 1999 and from May 8, 1997 (inception) to September 30, 2000.

Notes to Financial Statements.

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Net 1 UEPS Technologies, Inc.
(A Development Stage Company)
Balance Sheets

	September 30, 2000 \$ ----- (unaudited)	December 31, 1999 \$ ----- (audited)
Assets		
Current Assets		
Cash	18,580	71,635
Prepaid expenses	--	12,540
Total Current Assets	18,580	84,175
Property, Plant and Equipment (Note 3)	939	1,267
Intangible Assets (Note 4)	5,682	2,028
Total Assets	25,201	87,470
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	295,820	140,720
Accrued liabilities	1,000	5,000
Total Current Liabilities	296,820	145,720
Contingency (Note 1)		
Subsequent Event (Note 7)		
Stockholders' Equity		
Common Stock, 100,000,000 shares authorized, par value \$.001 per share, 15,602,856 and 10,873,244 issued and outstanding respectively	15,602	10,873
Additional Paid in Capital	991,769	991,769
	1,007,371	1,002,642
Preferred Stock, 3,000,000 shares authorized, par value \$.10 per share, none issued	--	--
Deficit Accumulated During the Development Stage	(1,278,990)	(1,060,892)
Total Stockholders' Equity (Deficit)	(271,619)	(58,250)
Total Liabilities and Stockholders' Equity	25,201	87,470

(See accompanying notes)

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Net 1 UEPS Technologies, Inc.
(A Development Stage Company)
Statements of Operations

	Accumulated from May 8, 1997 (Inception) to September 30, 2000	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
	----- \$ (unaudited)	----- \$ (unaudited)	----- \$ (unaudited)	----- \$ (unaudited)	----- \$ (unaudited)
Revenues	--	--	--	--	--
Administrative Expenses					
Amortization	4,861	678	260	1,403	733
Bank charges	3,379	39	200	469	720
Consulting	567,843	46,500	44,000	159,500	114,000
Foreign exchange	8,088	(10)	--	740	--
Investor relations - advertising	22,907	--	--	--	--
Investor relations - consulting	37,574	--	--	--	--
Office, rent and telephone	126,424	4,037	--	12,085	13,932
Professional fees	288,606	16,385	15,332	33,689	39,349
Subcontract	23,987	--	--	--	--
Transfer agent and regulatory fees	24,729	--	550	2,245	10,904
Travel	170,592	--	--	7,966	--
	(1,278,990)	67,629	60,342	218,097	179,638
Net Loss	(1,278,990)	(67,629)	(60,342)	(218,097)	(179,638)
Net Loss Per Share		(.004)	(.006)	(.016)	(.017)
Weighted Average Shares Outstanding		15,602,856	10,873,000	13,500,806	10,873,000

(See accompanying notes)

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Net 1 UEPS Technologies, Inc.
(A Development Stage Company)
Statements of Cash Flows

	Accumulated from May 8, 1997 (Inception) to September 30, 2000	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
	----- \$ (unaudited)	----- \$ (unaudited)	----- \$ (unaudited)	----- \$ (unaudited)	----- \$ (unaudited)
Cash Flows to Operating Activities					
Net loss	(1,278,990)	(67,629)	(60,342)	(218,097)	(179,638)
Adjustment to reconcile net loss to cash					
Amortization	4,922	678	260	1,403	733
Change in non-cash working capital items					
Increase (decrease) in accounts payable and accrued liabilities	296,819	63,249	39,332	151,099	(118,628)
(Increase) decrease in prepaid expenses	--	--	(10,000)	12,540	(10,000)
Net Cash Used in Operating Activities	(977,249)	(3,702)	(30,750)	(53,055)	(307,533)
Cash Flows from Financing Activities					
Increase in capital stock	998,010	--	--	--	--
Net Cash Provided by Financing Activities	998,010	--	--	--	--
Cash Flows to Investing Activities					
(Increase) in property, plant and equipment	(2,181)	--	--	--	--
Net Cash Used in Investing Activities	(2,181)	--	--	--	--
Increase (decrease) in cash	18,580	(3,702)	(30,750)	(53,055)	(307,533)
Cash - beginning of period	--	22,282	152,687	71,635	429,470
Cash - end of period	18,580	18,580	121,937	18,580	121,937
Non-Cash Financing Activities					
9,361,846 shares issued for an exclusive license (Note 4)	9,361	--	--	4,729	--
Supplemental Disclosures					
Interest paid	--	--	--	--	--
Income tax paid	--	--	--	--	--

(See accompanying notes)

Net 1 UEPS Technologies, Inc.
(A Development Stage Company)
Notes to the Financial Statements
(unaudited)

1. Development Stage Company

Net 1 UEPS Technologies, Inc. herein ("the Company") was incorporated in the State of Florida on May 8, 1997.

The Company is a development stage company engaged in the business of commercializing the smart card technology based Universal Electronic Payment System ("UEPS") and Funds Transfer System ("FTS") through the development of strategic alliances with national and international bank and card service organizations. The patent rights (or applications for patents) of the UEPS/FTS technology are for all worldwide territories (except South Africa and its surrounding territories) are held by Net 1 Holdings S.a.r.l., a company incorporated in Luxembourg ("Net 1 Holdings").

The Company entered into a license agreement, dated May 19, 1997 (the "License Agreement"), with Net 1 Holdings, Net 1 Operations S.a.r.l. and Net 1 Pty (collectively, the "Licensors"), where the licensors granted a non-exclusive license to the Company for the UEPS technology for the issuance of 2,706,122 shares at a fair market value of \$0.001 per share. A total of 5,412,244 shares were issued as the Company split the stock on a two new for one old basis. On October 1, 1997 an Amendment to the License Agreement was signed that provided for the transfer of the ownership of the UEPS technology and FTS patents and for the assignment of the Technology License Agreement between VISA International Service Association and Net 1 Holdings, dated July 31, 1997 (the "Visa Agreement") to the Company in consideration for 2,364,806 shares on a pre-split basis, 4,729,612 on a post-split basis. The assignment of the Visa Agreement and the transfer of the ownership of the UEPS technology and FTS patents to the Company were never consummated because certain conditions precedent were never satisfied.

On May 3, 2000 an agreement entitled "Patent and Technology Agreement" was entered into between the Company and Net 1 Holdings that granted the Company an exclusive marketing license for the UEPS technology and the FTS patents under terms similar to those stipulated in the Amendment to the License Agreement. No conditions precedent were stipulated. The 4,729,612 shares of Net 1 previously issued into trust in consideration for the Amendment to the License Agreement were thus released to Net 1 Holdings. The above issuances of shares were on a pre-split basis. Net 1 Holdings as at June 30, 2000 owns 10,141,856 common shares of 15,602,856 issued and outstanding common shares, or 65%.

In a development stage company, management devotes most of its activities to establishing a new business primarily, the development of a detailed business plan, marketing strategy and the raising of funds required to develop and operate the business successfully. Planned principal activities have not yet produced revenues and the Company has suffered recurring operating losses as is normal in development stage companies. The Company has a working capital deficit of \$278,240 as at September 30, 2000. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to emerge from the development stage with respect to its planned principal business activity is dependent upon its successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for its products.

Subsequent to September 30, 2000 the Company has raised \$1,000,000 by issuing 250,000 shares at \$4.00 per share by way of a private placement. See Note 7.

2. Summary of Significant Accounting Policies

(a) Property, Plant and Equipment

Computer equipment is amortized over five years on a straight-line basis.

2. Summary of Significant Accounting Policies (continued)

(b) Intangible Assets

Costs to acquire exclusive license rights to specific technology are capitalized as incurred. These costs are being amortized on a straight line basis over five years. Intangible assets are evaluated in each reporting period to determine if there were events or circumstances which would indicate a possible inability to recover the carrying amount. Such evaluation is based on various analyses including assessing the Company's ability to bring the commercial applications to market, related profitability projections and undiscounted cash flows relating to each application which necessarily involves significant management judgment.

(c) Foreign Currency Transactions/Balances

Transactions in currencies other than the U.S. dollar are translated at the rate in effect on the transaction date. Any balance sheet items denominated in foreign currencies are translated into U.S. dollars using the rate in effect on the balance sheet date.

(d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Actual results could differ from those estimates.

(e) Adjustments

These interim unaudited financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

3. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

	September 30,			

	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
	-----	-----	-----	-----
	\$	\$	\$	\$
			(unaudited)	(unaudited)
Computer equipment and software	2,181	1,242	939	1,376

4. Exclusive License

	Cost	Accumulated Amortization	2000 Net Book Value	1999 Net Book Value
	-----	-----	-----	-----
	\$	\$	\$	\$
			(unaudited)	(unaudited)
Exclusive License	9,361	3,679	5,682	2,636

See Note 1 for the description of the license and Note 6 for status of the underlying patents.

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5. Related Party Transactions

- (a) Consulting fees include \$112,500 (1999 - \$Nil) paid or payable to a director; \$100,000 of these fees are included in accounts payable at June 30, 2000.
- (b) See Note 1 for an exclusive license purchased from a related party, Net 1 Holdings Ltd.

6. Legal Proceedings

(a) Status of FTS Patents

FTS was first patented in South Africa in 1989. The European patent was granted on December 28, 1994, with effect in Austria, Belgium, Switzerland, Germany, Denmark, Spain, France, Great Britain, Greece, Italy, Liechtenstein, Luxembourg, Netherlands and Sweden. The European Patent Convention provides for an opposition period immediately following the grant of a European patent, and six parties filed an opposition to the grant of the patent on the grounds that the invention was not patentable. The case was heard before a Board of the Opposition Division in March 1998, when the patent was upheld in a form slightly different than the original application. Following the issue of the formal decision, a number of the opponents filed an appeal. The appeal proceedings will be heard in two to three years before the Board of Appeal of the European Patent Office. Currently, the granted patent remains effective in each of the designated states and is currently in force.

(b) Potential lawsuit

Serge Belamant, the estate of Andre Mansvelt and Net I Canada Ltd. (a British Columbia corporation whose three shareholders are Serge Belamant, the estate of Andre Mansvelt and John Drove), have been served by John Drove, with a claim to the rights for UEPS for Canada in an action brought before the Supreme Court of Canada in February, 2000. The Company, as the exclusive licensee for UEPS for the world except South Africa, was served by John Drove with a notice of claim in February, 2000. The Company, as the exclusive licensee to the UEPS technology, can potentially expect to be joined as a defendant to this statement of claim. The Company plans to defend any and all claims brought against it.

7. Subsequent Event

The Company issued 250,000 shares for \$1,000,000 by way of a private placement.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO THE THREE

MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 1999.

OPERATIONS: Management is actively involved in negotiations with established entities in IT services, financial services and wireless applications for partnership agreements to market the FTS patent and the related UEPS technologies and services. The most advanced negotiations are currently in Africa (Malawie, Democratic Republic of Congo, Ghana), Central and South America, Australia and the Northern European countries.

REVENUES: The Company is still in its development stage and planned principal activities have not commenced or produced revenues.

Administrative expenses increased from \$60,342 for the three months ended September 30, 1999 to \$67,629 for the three months ended September 30, 2000, an increase of \$7,287. Administrative expenses for the nine months ended September 30, 2000 were \$218,097 as compared to \$179,638 for the nine months ended September 30, 1999, an increase of \$38,459. The increase resulted primarily from consulting fees and other administrative costs associated with the Company's filing of its Form 10-SB Registration Statement to become a fully reporting issuer under the Securities Exchange Act of 1934. These expenses for the various periods represented the Company's net loss for each of these periods.

LIQUIDITY AND CAPITAL RESOURCES: The primary source of the Company's cash has been through the sale of equity. Currently, the Company does not have available any established lines of credit with banking facilities.

The Company, subsequent to September 30, 2000 raised \$1,000,000 by issuing 250,000 shares at \$4.00 per share by way of a private placement. The Company will utilize this cash to fund ongoing administrative expenses until such time that revenues commence from the commercialization of the Company's products.

The Company believes its current available cash position is sufficient to meet its cash needs on a short-term basis. Management is not aware of any known trends or demands, commitments, events, or uncertainties, as they relate to liquidity which could negatively affect the Company's ability to develop its business as planned. Management is exploring all avenues to reach a larger and profitable business volume and asset value than originally planned.

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PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On October 2, 2000, Net 1 issued 250,000 shares of common stock for a total of \$1,000,000 or \$4.00 per share to a single accredited investor which was unaffiliated with Net 1. Since this investor had access to relevant information concerning the financial statements and operations of Net 1, had the sophistication to evaluate this information and had financial resources to bear the economic risk of this investment, the sale of these shares was exempt from registration under the Securities Act of 1933 by reason fo Section 4(2) of that Act.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

- (a) (27.1) Financial Data Schedule
 - (b) Reports on Form 8-K
- None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NET 1 UEPS TECHNOLOGIES, INC.

By: /s/ Claude Guerard

Claude Guerard, CEO

DATED: November 20, 2000

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