

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2002

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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  
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NET 1 UEPS TECHNOLOGIES, INC.  
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(Exact name of Registrant as specified in its Charter)

FLORIDA

65-0903895  
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(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

Suite 325-744 West Hastings Street, Vancouver, British Columbia, Canada V6C1A5  
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(Address of executive offices)

(Zip Code)

Registrant's telephone number, including area code: (604) 669-4561  
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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  No   
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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 April 30, 2002: 15,852,856 Shares

NET 1 UEPS TECHNOLOGIES, INC.  
(A development stage company)

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Form 10-QSB  
For the Quarter Ended March 31, 2002

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Balance Sheet as of March 31, 2002 (unaudited) and as of  
December 31, 2001 (audited).

Condensed Statements of Operations (Unaudited) for the three months ended March 31, 2002 and 2001, and from the Company's inception, May 8, 1997 through March 31, 2002.

Condensed Statements of Cash Flows (Unaudited) for the three months ended March 31, 2002 and 2001.

Notes to Financial Statements.

## Item 2. Management's Discussion and Analysis or Plan of Operations

### Results of Operations

Three months ended March 31, 2002 compared to the three months ended March 31, 2001.  
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Management has been actively involved in negotiations to secure sufficient equity and/or debt financing to fund the Company's business plans. In the short term, management has suspended various expenses including the Consulting Agreement with its CEO, Claude Guerard and its Outsourcing Agreement with Net 1 Investment Holdings, Ltd., the Company's UEPS integrators for the Central Europe, Middle East and African regions.

The Company is currently engaged in advanced stage negotiations with potential licensees of the FTS/UEPS technology in Kenya, Ghana, Congo, Uganda, Tanzania, Chile, China, Thailand, Vietnam, Zambia, Madagascar, Australia and the number of Middle East countries. The Australian organization wishes to implement FTS based systems in Australia, Hong Kong, the Philippines, and Indonesia.

Revenues: The Company is still in its development stage and planned principal  
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principal activities have produced revenues of \$157,565 which represent license fees collected by Net 1 Holdings during calendar year 2001 from licensees in Burundi, Latvia, Ghana, CIS, and Malawi.

Net 1 receives revenue from Net 1 Holdings from all sales of licenses equal to Net 1 Holdings annual net profit before amortization as certified by its auditors in its annual financial statement. Net 1 recognized the revenue in the period when the audited financial statements of Net 1 Holdings become available and will report the revenue on a net basis as the Company is acting as an agent for Net 1 Holdings as per the Patent and Technology agreement dated May 3, 2000.

Administrative Expenses: Administrative expenses decreased from \$167,828 for  
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the three months ended March 31, 2001 to \$147,738 for the three months ended March 31, 2002, a decrease of \$20,090. The decrease resulted primarily from reduced travel expenses and professional fees. The majority of the expenses can be attributed to the subcontract fees paid pursuant to an outsourcing agreement with Net 1 Investment Holdings, Ltd., the Company's UEPS integrator for the Central Europe, Middle East and African regions.

Management intends to keep operating expenses at the lowest possible level by developing outsourcing policies.

Liquidity and Capital Resources: The primary source of the Company's cash has  
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been through the sale of equity. Currently, the Company does not have available any established lines of credit with banking facilities.

The Company will be receiving \$157,565 from license fees collected up to December 31, 2001, by Net 1 Holdings. Additional fees from the sale of new licenses and recurring annual license fees from existing licensees will accrue to the Company during 2002.

The Company has used the last \$1,000,000 received in October 2000 for general working capital. The Company anticipates raising additional funds from the sale of equity during the next fiscal year. Such capital will be used for working capital.

The Company believes its current available cash position and revenues due from Net 1 Holdings is sufficient to meet its cash needs on a short-term basis, but the Company will need additional capital to aggressively pursue its business plans.

The Company's ability to continue as a going concern is dependent upon the Company's ability in the near future to (i) raise additional funds through equity financings involving affiliates, controlling shareholders, and unrelated parties, and (ii) further develop markets for its products.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.  
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(a) Exhibits required by Item 601 of Regulation S-B

None

(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

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Claude Guerard, CEO

DATED: May 13, 2002

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

	March 31 2002 \$ (unaudited)	December 31, 2001 \$ (audited)
Assets		
Current Assets		
Cash	31,010	57,289
Accounts receivable (Note 1)	157,565	-
Prepaid expenses	-	30,000
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Total Current Assets	188,575	87,289
Property, Plant and Equipment (Note 3)	284	394

Intangible Assets (Note 4)	2,982	3,219
Total Assets	191,841	90,902

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable (Note 5)	242,339	148,227
Accrued liabilities	7,000	10,000

Total Current Liabilities	249,339	158,227
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Contingent Liabilities (Notes 1 and 6)  
Subsequent Event (Note 7)

Stockholders' Deficit

Common Stock, 100,000,000 shares authorized, par value \$.001 per share, 15,852,856 issued and outstanding	15,853	15,853
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Additional Paid in Capital	1,991,519	1,991,519
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	2,007,372	2,007,372
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Preferred Stock, 3,000,000 shares authorized, par value \$0.10 per share, none issued	-	-
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Deficit Accumulated During the Development Stage	(2,064,870)	(2,074,697)
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Total Stockholders' Deficit	(57,498)	(67,325)
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Total Liabilities and Stockholders' Deficit	191,841	90,902
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(See accompanying notes)

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

	Accumulated from May 8, 1997 (Inception) to March 31, 2002 \$ (unaudited)	Three months ended March 31, 2002 \$ (unaudited)	2001 \$ (unaudited)
Revenues (Note 1)	157,565	157,565	-
Administrative Expenses			
Amortization	8,215	346	599
Bank charges	7,114	255	691
Consulting (Note 5)	875,933	46,500	46,500
Foreign exchange	8,098	-	-
Investor relations - advertising	23,519	612	-
Investor relations - consulting	37,574	-	-
Office, rent and telephone	131,536	2,257	-
Professional fees	351,186	3,207	10,855
Subcontract (Note 5)	470,925	90,000	-
Transfer agent and regulatory fees	25,107	-	127
Travel	284,018	5,204	19,143
Less interest income	(790)	(31)	(87)

	2,222,435	147,738	167,828
Net Income (Loss)	(2,064,870)	9,827	(167,828)
Net Income (Loss) Per Share		-	(0.01)
Weighted Average Shares Outstanding		15,853,000	15,853,000

(See accompanying notes)

(Diluted loss per share has not been presented as the result is anti-dilutive)

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

	Three months ended	
	March 31	
	2002	2001
	\$	\$
Cash Flows to Operating Activities		
Net income (loss)	9,827	(167,828)
Adjustment to reconcile net loss to cash		
Amortization	346	599
Change in non-cash working capital items		
(Increase) in accounts receivable	(157,565)	-
Increase (decrease) in accounts payable and accrued liabilities	91,113	(10,095)
Decrease in prepaid expenses	30,000	-
Net Cash Used in Operating Activities	(26,279)	(177,324)
Cash Flows from Financing Activities	-	-
Cash Flows to Investing Activities	-	-
Decrease in cash	(26,279)	(177,324)
Cash - beginning of period	57,289	612,289
Cash - end of period	31,010	612,289
Non-Cash Financing Activities	-	-
Supplemental Disclosures		
Interest paid	-	-
Income tax paid	-	-

(See accompanying notes)

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

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 patent for the world excluding South Africa and its surrounding territories 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 owns 64% of the Company's common shares.

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. These factors raise 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.

In order to meet expenses over the next twelve months the Company is actively searching for additional equity financing. For fiscal 2002 the Company will be receiving \$157,565 from Net 1 Holdings relating to sales of licenses. These sales were recognized during the quarter ended March 31, 2002 upon receipt of audited financial statements of Net 1 Holdings.

## 2. Summary of Significant Accounting Policies

### (a) Property, Plant and Equipment

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

### (b) Long-Lived Assets

Costs to acquire exclusive license rights to specific technology are considered "Long-Lived" assets and 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) Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, "Earnings per Share" (SFAS 128). SFAS 128 requires presentation of both basic and diluted earnings per shares (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is antidilutive.

(d) 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.

(e) 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.

(f) Interim Financial Statements

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.

(g) Revenue Recognition

The Company receives revenue from Net 1 Holdings from all sales of licenses equal to the Net 1 Holdings annual net profit before amortization as certified by its auditors in its annual financial statement. The Company recognizes revenue in the period when the audited financial statements of Net 1 Holdings become available. The Company reports revenue on a net basis as the Company is acting as an agent for Net 1 Holdings as per the Patent and Technology Agreement dated May 3, 2000.

3. Property, Plant and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization.

	Cost	Accumulated Depreciation and Amortization	2002 Net Book Value	2001 Net Book Value
	\$	\$	\$	\$
Computer equipment and software	2,181	1,897	284	394

4. Intangible Assets

	Cost \$	Accumulated Amortization \$	2002 Net Book Value \$	2001 Net Book Value \$
Exclusive License	9,361	6,379	2,982	3,219

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

5. Related Party Transactions

- (a) Consulting fees include \$37,500 (2001 - \$37,500) paid or payable to a director.
- (b) Subcontract costs include \$90,000 (2001 - \$90,000) paid or payable to a Company with a common director.
- (c) See Note 1 for an exclusive license purchased from a related party during fiscal 2000 and related revenue recognized.
- (d) On January 29, 2002, pursuant to a Director's Resolution, unpaid consulting fees and subcontract costs, totalling \$89,953 as at March 31, 2002, have been postponed until the Company has sufficient funds to pay.

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 are scheduled for September 19, 2002 at the European Patent Office in Munich Germany. Currently, the granted patent remains effective in each of the designated states and is currently in force.

- (b) Potential claim

A claim to the rights for UEPS for Canada was brought about in an action 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 with a notice of claim in February, 2000. On December 6, 2001 the claim was settled by third parties resulting in no settlement costs to the Company.