

## Preliminary results for the year ended 31<sup>st</sup> December 2005

### Financial Highlights

- e-pay Asia Limited is the leading provider of electronic prepaid payments and top up services for prepaid mobile users in South East Asia.
- The Company completed its acquisition of Orion Gateway Limited ("**Orion**") on 23 December 2005 and, as a result, these results include only two months of trading from e-pay Asia.
- For the reporting period consisting of November and December 2005, e-pay Asia Limited recorded total revenues of \$85.282 million delivering profits of \$1.467 million before finance costs, depreciation & amortisation, impairment write-downs and income tax
- The following table provides a summary of e-pay's actual financial performance (only Malaysia and Indonesia) on an annual, half yearly and quarterly basis against corresponding periods:

<i>Period</i>	<i>A\$'000</i>		<i>A\$'000</i>
<i>Year on year</i>	<i>12 month ended 31-Dec-04</i>	<i>12 months ended 31-Dec-05</i>	<i>Increase</i>
Revenues	188,643	375,975	99.3%
EBITDA	3,795	6,923	82.4%
<i>Half yearly</i>	<i>6 months ended 31-Dec-04</i>	<i>6 months ended 31-Dec-05</i>	<i>Increase</i>
Revenues	111,847	223,653	99.9%
EBITDA	2,033	3,283	61.5%
<i>Quarterly</i>	<i>3 months ended 31-Dec-04</i>	<i>3 months ended 31-Dec-05</i>	<i>Increase</i>
Revenues	6,044	125,689	107.9%
EBITDA	1,165	1,709	46.6%

- The Company plans to report on a quarterly basis with the next report for the three months ended 31 March 2006 expected at the end of April
- The Directors are confident of continued growth within their core markets in the year ahead

Simon Loh, Managing Director of e-pay Asia said,

"The Board is very pleased with e-pay's performance and we expect steady and continued growth as the demand for e-pay Asia's proven electronic prepaid and top up services accelerates within the growing Asia markets"

### Enquiries

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### ABOUT E-PAY ASIA

e-pay Asia Limited, dual listed on the Australian Stock Exchange (ASX: EPY) and the AIM segment of the London Stock Exchange (AIM: EPY), is the leading provider of electronic prepaid payments and top up services for prepaid mobile users in South East Asia. Headquartered in Kuala Lumpur with its corporate office in Sydney, e-pay now operates in Malaysia, Indonesia, Pakistan and Thailand with plans to expand into China, Vietnam, Singapore and the Philippines. For more information on e-pay Asia, please visit our website [www.e-payasia.com](http://www.e-payasia.com)

**ASX / AIM CODE: EPY**

Name of entity

**E-PAY ASIA LIMITED**

ABN or equivalent company reference

99 089 227 887

Financial period ended ('current period')

31 December 2005

Financial year ended ('previous period')

No previous period

**Results for announcement to the market**

					<i>A\$'000</i>
Revenue	Up	N/A	to		85,282
Loss after income tax	Up	N/A	to		(7,709)
Net loss for the period attributable to members	Up	N/A	to		(7,865)

**Consolidated Income Statement**

	<i>Current period A\$'000</i>	<i>Previous period A\$'000</i>
<b>Revenue</b>	<b>85,282</b>	-
Discount on acquisition of controlled entity	1441	-
Other operating income	78	-
Changes in inventories	(1,068)	-
Purchases	(81,923)	-
Personnel costs	(675)	-
Share based payment expense	(680)	-
Other operating expenses	(988)	-
<b>Profit before finance costs, depreciation &amp; amortisation, impairment write-downs and income tax</b>	<b>1,467</b>	-
Finance expense	(153)	-
Depreciation & amortisation	(175)	-
Impairment write-down of goodwill	(8860)	-
<b>Loss before income tax</b>	<b>(7721)</b>	-
Income tax benefit	12	-
<b>Loss after income tax</b>	<b>(7709)</b>	-
Net profit attributable to minority interests	(156)	-
<b>Net loss for the period attributable to members</b>	<b>(7865)</b>	-

**Explanation of Reported Results**

### ***Basis of Consolidation***

As previously reported to the market, e-pay Asia Limited ("**e-pay Asia**") completed the acquisition of a 100% interest in Orion Gateway Limited ("**Orion**") on 23 December 2005.

In accordance with Accounting Standard AASB 3: Business Combinations, the combination of e-pay Asia and Orion is required to be accounted for as a reverse acquisition, with the legal subsidiary, Orion, deemed to be the acquirer and the legal parent, e-pay Asia, deemed to be the acquiree.

Under the reverse acquisition method of accounting, the consolidated financial statements represent a continuation of the financial statements of Orion and its controlled entities. Preceding the reverse acquisition referred to above, Orion acquired on 31 October 2005 a 60% controlling interest in e-pay (M) Sdn Bhd and its controlled entities ("**e-pay Malaysia Group**"). Both e-pay Asia and e-pay Malaysia Group are therefore included in the consolidated financial statements of Orion as controlled entities at 31 December 2005.

The 31 December 2005 consolidated financial statements therefore reflect the following:

- the balance sheet reflects the consolidated assets and liabilities of Orion and its controlled entities as at 31 December 2005;
- the retained earnings and other equity balances recognised are the continuing retained earnings and other equity balances of Orion and the post acquisition movements in retained earnings and other equity balances of e-pay Malaysia Group and e-pay Asia;
- the amount recognised as contributed equity represents the issued equity of Orion immediately before the business combination plus the "cost of the business combination";
- the amount recognised in the Income Statement represents the continuing operating results of Orion and the post acquisition operating results of e-pay Malaysia Group (from 31 October 2005) and e-pay Asia (from 23 December 2005). These results include a goodwill impairment write-off of \$8,860,000 discussed further below.

The Income Statement also includes other revenue of \$1,441,000 representing the discount on acquisition which arose in respect of the Orion acquisition of the 60% interest in e-pay Malaysia Group and the 21.2% direct interest acquired in e-pay Indonesia, a controlled entity within the e-pay Malaysia Group. This discount arose as a result of the fair value of the net assets and liabilities acquired exceeding the consideration paid by the amount of the discount;

**No comparative previous corresponding period financial information is shown as Orion (whose financial statements are being reported) did not exist during the corresponding previous period. Orion was incorporated on 26 April 2005 and the consolidated financial report is for the period from that date to 31 December 2005.**

### ***Goodwill Impairment Write-off***

Under the reverse acquisition method of accounting, goodwill which arises on consolidation is deemed to have been incurred by Orion and is determined as the excess of the "cost of the business combination" over the net fair value of e-pay Asia's identifiable assets and liabilities at combination date. The cost of the business combination represents the fair value of the number of equity instruments that Orion would have been required to issue to the shareholders of e-pay Asia to provide the same percentage ownership interest of the combined entity to the owners of e-pay Asia as they have in the combined entity as a result of the reverse acquisition. This cost of combination amounted to \$7,310,000, and gave rise to an amount of goodwill on consolidation of \$8,860,000.

The assessed goodwill, which arises under the reverse acquisition accounting method, represents goodwill that is attributable to the business operations of e-pay Asia as the deemed acquiree in the business combination.

The directors of the Company have assessed the recoverable value of the resulting goodwill on consolidation, and have concluded that the value arising is fully impaired. On that basis, the goodwill of \$8,860,000 has been written off as a post-acquisition impairment write-down in the Income Statement for the period.

## Condensed consolidated balance sheet

	<i>At end of current period A\$'000</i>	<i>Previous period A\$'000</i>
<b>Current assets</b>		
Cash and cash equivalents	4295	-
Receivables	2768	-
Inventories	10406	-
Other (deposits and prepayments)	1330	-
<b>Total current assets</b>	<b>18779</b>	<b>-</b>
<b>Non-current assets</b>		
Property, plant and equipment (net)	3497	-
Intangibles (net)	90	-
Other financial assets (security deposits)	1902	-
Other	16	-
<b>Total non-current assets</b>	<b>5505</b>	<b>-</b>
<b>Total assets</b>	<b>24304</b>	<b>-</b>
<b>Current liabilities</b>		
Payables	10548	-
Interest bearing liabilities	8013	-
Current tax liabilities	51	-
Provisions	120	-
<b>Total current liabilities</b>	<b>18732</b>	<b>-</b>
<b>Non-current liabilities</b>		
Payables	3476	-
Interest bearing liabilities	262	-
Deferred tax liabilities Provisions	78,280	-
<b>Total non-current liabilities</b>	<b>4096</b>	<b>-</b>
<b>Total liabilities</b>	<b>22828</b>	<b>-</b>
<b>Net assets</b>	<b>1476</b>	<b>-</b>
<b>Equity</b>		
Contributed equity	7311	-
Reserves	693	-
Retained profits (accumulated losses)	(7865)	-
<b>Parent entity interest</b>	<b>139</b>	<b>-</b>
Minority interests in controlled entities	1337	-
<b>Total equity</b>	<b>1476</b>	<b>-</b>

## Condensed consolidated statement of cash flows

	<i>Current period</i> \$A'000	<i>Previous period</i> \$A'000
<b>Cash flows related to operating activities</b>		
Receipts from customers	85429	-
Payments to suppliers and employees	(84564)	-
Interest and other items of similar nature received	15	-
Interest and other costs of finance paid	(127)	-
Dividend paid	(316)	-
Tax paid	(92)	-
<b>Net operating cash flows</b>	<b>345</b>	<b>-</b>
<b>Cash flows related to investing activities</b>		
Payment for purchases of property, plant and equipment	(838)	-
Proceeds from sale of property, plant and equipment	11	-
Payment for acquisition of businesses	-	-
Payment for Intangibles	(90)	-
Repayment of advances by related entity	199	-
Cash acquired on acquisition of e-pay (M) Sdn Bhd	907	-
Cash acquired on reverse acquisition of e-pay Asia Limited	2,910	-
Other	(24)	-
<b>Net investing cash flows</b>	<b>3,075</b>	<b>-</b>
<b>Cash flows related to financing activities</b>		
Capital raising costs paid	(492)	-
Proceeds from borrowings	30	-
Repayment of borrowings	(1,297)	-
<b>Net financing cash flows</b>	<b>(1,759)</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>1,661</b>	<b>-</b>
Currency translation	(3)	-
Cash at beginning of period	-	-
<b>Cash at end of period</b>	<b>1,658</b>	<b>-</b>

## Reconciliation of cash

	<i>Current period</i> \$A'000	<i>Previous period</i> \$A'000
<i>Reconciliation of cash at the end of the period (as shown in the condensed consolidated statement of cash flows) to the related items in the accounts is as follows.</i>		
Cash on hand and at bank	4295	-
Bank overdraft (included in interest bearing liabilities)	(2637)	-
<b>Total cash at end of period</b>	<b>1,658</b>	<b>-</b>

**Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities**

	<i>Current period</i> \$A'000	<i>Previous period</i> A\$'000
Profit/(loss) from ordinary activities after related income tax	<b>(7709)</b>	-
<b>Adjustment for non cash items:</b>		
- Depreciation and amortisation	175	-
- Share based payment expense	680	-
- Provision for doubtful debts	(5)	-
- Net interest expense	125	-
- Unrealised foreign exchange loss	65	-
- Gain on disposal of equipment	(3)	-
- Discount on acquisition	(1441)	-
- Impairment of goodwill	8,860	-
<b>Increase/(decrease) in liabilities:</b>		
- Payables	(1493)	-
- Tax liabilities	(92)	-
<b>(Increase)/decrease in assets:-</b> Payables		
- Receivables	115	-
- Inventories	1,068	-
<b>Net cash outflows from operating activities</b>	<b>345</b>	-

**Consolidated retained profits**

	Current period \$A'000	Previous period A\$'000
Retained profits/(accumulated losses) at the beginning of the financial period	-	-
Net profit/(loss) attributable to members	(7865)	-
<b>Retained profits/(accumulated losses) at end of financial period</b>	<b>(7865)</b>	-

**NTA backing**

	Current period A\$	Previous period A\$
Net tangible asset backing per <sup>+</sup> ordinary security	\$0.0073	-

**Control gained over entities**

Name of entity (or group of entities)	(i) e-pay (M) Sdn Bhd (ii) e-pay Asia Limited
Date control gained	(i) 31 October 2005 (ii) 23 December 2006
Contribution of such entities to the reporting entity's profit/ (loss) during the period.	\$A'000 (i) 378 (ii)(680)

## Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's holding		Contribution to Net profit/(loss)	
	Current Period	Previous period	Current Period	Previous period
e-pay Pakistan (Private) Limited Electronic Payment Network (Thailand) Co Ltd	30%	NA	Not material	NA
	18%	NA	Not material	NA

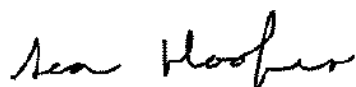
## Other Significant Information

### Subsequent year end events

Between 13<sup>th</sup> January to 10<sup>th</sup> February 2006 the company issued a total of 715,941 shares to Cornell Capital to retire debt. On 20<sup>th</sup> January 2006, the company issued 350,000 shares to settle legal proceedings brought against it in respect of commission payments totalling \$99,290

This report is based on \*accounts to which one of the following applies.

- The \*accounts have been audited.       The \*accounts have been subject to review.  
 The \*accounts are in the process of being reviewed.  
 The \*accounts are in the process of being audited.       The \*accounts have *not* yet been audited or reviewed.



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SEAN HOOPER, COMPANY SECRETARY  
E-PAY ASIA LIMITED

Wednesday, 15 March 2006