

EPY to enter Indian market with E-Charge

India represents a A\$3 billion market opportunity for EPY over the next three years

SYDNEY 18 September 2006 - e-pay Asia Limited ("EPY") today announces that it has signed a term sheet and commenced formal negotiations to formalise an alliance with India's second largest electronic prepaid mobile provider, E-Charge Tech Pvt Ltd ("E-Charge"). On completion of the transaction, which is anticipated over the course of the coming months, EPY will own 40% of E-Charge and will assume management control of the entity.

The payment is expected to be satisfied by the issue of 16.6 million new ordinary shares in EPY to E-Charge's shareholders, Karan and Kachan Narula, representing approximately 7.6% of EPY's enlarged issued capital. As part of the agreed key terms, EPY will grant E-Charge an exclusive licence to use Mobiepay technology in India. Mobiepay, a wholly owned subsidiary of EPY, is a leading specialist provider of electronic payments solutions, systems and services to the mobile telecommunications industry. Working capital will be provided by both parties in proportion to their ownership level.

This proposed alliance will enable EPY and E-Charge to become a major force in India's high growth prepaid mobile payments industry, and is a significant milestone in EPY's strategy to become the leading mobile payments company in Asia.

E-Charge launched its prepaid mobile business in early 2005 and is on track to become profitable for the calendar year 2007. For the 12 months period ended 31 March 2006, E-Charge achieved revenues of A\$10 million with losses of A\$2.26 million attributable to start up costs. E-charge has established agreements with all of India's 8 licensed mobile operators and a retail distribution network of 1,000 terminals. It also has an exclusive partnership with BPCL, India's largest petrol retailer with 5,000 outlets nationwide. E-Charge has 60 employees and operates in five cities across India.

India became the world's fastest growing mobile market last month when it reported net additions of 5.2 million new mobile subscribers for the month of July, giving a total of 110 million mobile subscribers, of which 90% are prepaid. According to industry experts, India's mobile subscriber base will surpass 250 million within three years, becoming the world's second largest mobile market. A key growth driver for EPY and E-Charge will be the under 34 year old age group which is particularly receptive to mobile technology. This demographic represents more than 60% of India's population of 1.1 billion.

Mr Simon Loh, Managing Director of EPY, said: "We are well positioned to make this expansion into India, having had in depth experience of similar markets in the region. The combination of our technological and operational ability with E-Charge's established presence will give us the competitive advantage to gain a leading market share. In line with our group strategy, we will improve the business's operating margins by shifting the focus to non-traditional sales channels."

Mr Karan Narula, founder of E-Charge, said: "EPY's Mobiepay SMS/GPRS top up technology represents a breakthrough in this industry because it enables a normal mobile phone to conduct secure financial transactions anywhere there is mobile coverage and at any time. This is ideal for a large market like India where we could achieve mass market coverage with virtually no capital expenditure."

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For more information

If you are enquiring from Australia, New Zealand, Asia or the Americas, please contact Jonathan Soon, Director & Company Secretary of e-pay Asia Limited on +61416168816 or jonathan@e-payasia.com. If in the United Kingdom or other parts of Europe, please contact Shane Dolan, Director of Biddicks in London on +442074481000 or shane.dolan@biddicks.co.uk.