

To: ASX
(F: 1900 999 279)

From: Pegasus Corporate Advisory
(F: 02 8249 8101)

Subject: Company Announcement (ASX:EPY) for immediate release
2 pages (excluding cover letter)

Appendix 4C

Quarterly cash flow report for
entities admitted on the basis of commitments
Q4, 2006

E-PAY ASIA LIMITED (ASX / AIM: EPY)

ABN 99 809 227 887

Consolidated statement of cash flows for the period ended 31 Dec 2006

Cash flows related to operating activities		Current quarter Oct - Dec 06 \$A'000	Year to date Jan - Dec 06 \$A'000
1.1	Receipts from customers	113,172	513,487
1.2	Payment for suppliers and employees	(115,359)	(510,735)
1.3	Interest and other costs of finance paid	(212)	(764)
1.4	Income taxes paid	(20)	(308)
1.5	Net operating cash flows	(2,419)	1,680
<i>Cash flows related to investing activities</i>			
1.6	Additional investment in subsidiary	0	(1,381)
1.7	Payment for equipment	(1,239)	(3,012)
1.8	Proceeds from disposal of equipment	32	204
1.9	Net investing cash flows	(1,207)	(4,189)
1.10	Total operating and investing cash flows	(3,626)	(2,509)
<i>Cash flows related to financing activities</i>			
1.11	Proceeds from issues of shares, options, etc.	493	1,393
1.12	(Payment)/Proceeds from short term borrowings	(43)	6,267
1.13	Proceeds from long term borrowings	2,677	2,677
1.14	Repayment of loan	359	(2,509)
1.15	Net financing cash flows	3,486	7,828
1.16	Net (decrease)/increase in cash held	(140)	5,319
1.17	Cash at beginning of quarter/year	7,317	1,658
1.18	Exchange rate adjustments	(93)	107
1.19	Cash at end of quarter	7,084	7,084

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.20	Aggregate amount of payments to parties included in item 1.2	178
1.21	Explanation of the transactions	
	Directors' remuneration	

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Non-cash financing and investing activities

- 1.22 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
1.23 Loan facilities	18,556	16,895
1.24 Credit standby arrangements	20,000	0

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
1.25	Cash on hand and at bank	6,700	7,280
1.26	Deposits at call	2,007	2,011
1.27	Bank overdraft	(1,623)	(1,974)
1.28	Total: cash at end of quarter	7,084	7,317

Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- This statement does give a true and fair view of the matters disclosed.



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MICHAEL LEE, CHAIRMAN
E-PAY ASIA LIMITED

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* applies to this report except for the paragraphs of the Standard set out below.
 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - itemised disclosure relating to acquisitions
 - itemised disclosure relating to disposals
 - policy for classification of cash items
 - disclosure of restrictions on use of cash
 - comparative information
- Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.