

Trading Update

e-pay Asia Limited - (the "Company" or "EPY")

The Board of e-pay Asia has conducted a detailed review of its business and, although trading in its core reload business in Malaysia continues to grow, the Company has experienced a series of challenges with regard to its Indonesian business and its proposed expansion into China. In view of these developments, the Board expects that the results for both the six months ended 30 June 2007 and for the full year ending 31 December 2007 will be significantly below expectations.

The Indonesian business faced challenging trading conditions during the first half of the financial year. While it was anticipated that this business would recover to make a positive contribution to the Group in the second half of the financial year, unfortunately this is not now anticipated to be the case. As a result, the Indonesian business will therefore operate at a loss for the year as a whole. This development, in addition to higher than expected financing costs, will have a significant impact on the Group's results for 2007.

In addition, after a review of the Chinese market opportunity and the subsequent balancing of short term growth prospects against potential risks, the Company has decided to enter this market via a joint venture with a licensed operator and move away from the existing practice of selling licences on an individual basis. Although this strategy will secure better long term returns for the business, in the short term the Group will sacrifice its direct software licensing sales, which generated A\$3.6m of net profit in 2006.

Although this has been an exceptionally difficult decision to make, it has been taken to ensure future long term success in China.

Overall, e-pay Asia has the necessary finances in place to underpin its core business in Malaysia and immediate action has been taken in Indonesia to reduce costs. In addition, a further cost reduction programme is underway across the Group, which is expected to generate substantial savings.

e-pay Asia's core business in Malaysia continues to perform well and good progress is being made towards entering new markets in China and India, which will provide the Company with significant opportunities. The Board remains confident of future prospects with further announcements regarding new markets expected in the second half of 2007.



Jack Tan
Company Secretary
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For more information:

Australia

Jack Tan, Company Secretary e-pay Asia Limited +614 1828 6266 / +612 9283 8835
jtan@epay-asia.com

Asia / Americas

Tan Yap Seng, Corporate Affairs e-pay Asia Limited +6017 229 1616 / +603 5632 2488
investor@epay-asia.com

UK / Europe

David Newton, NOMAD Seymour Pierce +44 20 7107 8336
davidnewton@seymourpierce.com

Shane Dolan Biddicks +44 20 7448 1000
shane.dolan@biddicks.co.uk

About EPY

e-pay Asia Limited (ASX/AIM: EPY), dual listed on Australia Stock Exchange and the AIM segment of the London Stock Exchange, is a leading provider of prepaid mobile airtime and electronic payment solutions in South East Asia. Headquartered in Kuala Lumpur with its corporate office in Sydney, e-pay Asia operates in Malaysia, Indonesia, Pakistan and Thailand. For more information on the Company, please visit our corporate website www.epay-asia.com.

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