

20 February 2009**e-pay Asia Limited**
("e-pay Asia" or the "Company")**Preliminary results for the year ended 31 December 2008****Highlights**

- Simon Loh re-appointed CEO in October
- Malaysian core business earnings remains stable
 - Revenue down 12% to \$9.9m (2007: \$11.3m)
 - Normalised profit after tax and minority interest down 1% to \$2.16m (2007: \$2.19m)
- Consolidated revenue for the year down 28% to \$10.2m (2007: \$14.3m)
- Cash balance \$12.0m and Net Debt \$2.0m at year end (2007: \$13.4m and \$0.4m respectively)
- Earnings per share post consolidation of (15.5) cents (\$) (2007: 0.8 cents)
- Net loss attributable to members of \$4.36m (2007: \$0.2m net profit)

Jack Tan, Chairman of e-pay Asia, commented:

"2008 has been a very challenging year. Our strategies, which focused on driving the core business in Malaysia, has been effective in maintaining earnings despite a reduction in revenue. We will continue the same strategies this year in Malaysia and explore business opportunities as they arise in China."

"However, despite the tough economic conditions, EPY has undertaken some important structural changes that are positive measures towards securing our future. These include the delisting of the Company from London's AIM and the consolidation of our shares. These steps provided considerable cost savings for the business and set us on a strong path for growth once markets begin to recover."

Enquiries

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Chairman's Statement

The period under review has been a challenging year overall for your company with the gloomy global economy conditions. Management attention was focused on driving the core market business in Malaysia in tandem with cost control measures. No expansion decision was made in 2008 as we felt the business risks were relatively higher with the uncertain economy conditions.

For the Malaysian market, the Company continues to enjoy a dominant position. However, a slowdown in the market had affected the revenues, which saw a 12% reduction to \$9.9m (2007: \$11.3m). The Company continuously strengthens its market position by deploying terminals across Malaysia in prominent retail outlets as well as rural areas. The wide terminal coverage would benefit the Company with new products launching as well as capturing revenues immediately as the market recovers. Physical cards remain the main competitor and the Company believes the conversion process to electronic is inevitable despite at a slower pace.

In term of international markets, our focus remains on the China market. Despite China's impressive GDP growth over the past decade, China is inevitably being affected by the current economy crisis. We are undergoing a feasibility study on China, that includes looking at changes to reduce business risks associated with the existing economy climate. A joint venture approach with a local presence is still the planned structure for the Company to penetrate this market.

On the capital and corporate structure, during the year the Company delisted its shares trading at the Alternate Investment Market (AIM) London. All shareholders from London share registers were transferred to Australian Stock Exchange register. The Company, after shareholder approval on 14 January 2009, consolidated the number of shares on issued on the basis of 1 new share for every 10 old shares. This was thought to better reflect the value and market capitalisation of the Company. Both of these actions have cost savings on listing fees incurred by the Company. The underlying value of the business of the Company is unchanged by this share consolidation.

During the year, Mr Simon Loh was appointed as new Chief Executive Officer taking over from Mr Wong Yin Ching, who was redesignated as Managing Director of China operation. I took over chairmanship from Mr John Croft, who resigned in October 2008 after the Company delisted from AIM. These changes allow the board and management to streamline its focus in driving the Malaysia business and exploring the China market.

I would to take this opportunity to thank all of the Company's employees, business partners and associates for their significant contribution to the business during the period under review



Jack Tan
Chairman

20 February 2009

Chief Executive Officer's Review

Financials

The impairment of software acquired and convertible loan has negatively impacted financial performance of the Company during the period under review. The revenue for the year was down 28% to \$10.2m (2007: \$14.3m) due to a number of factors. Firstly the board decision not to offer outright sales of software has seen \$2.5m reduction of software sales compared to previous corresponding period. Secondly, the prepaid segment registered a \$1.4m reduction in revenue due to market slowdown.

In term of cash flow, the Company registered negative \$2.1m net operating cash during the year giving closing cash balances of \$12.0m and net debt of \$2.0m (2007: \$13.4m and \$0.4m respectively). The negative operating cash was to finance higher inventory levels for long holidays period during the year end. Earnings per share post consolidation were (15.5) cents (\$) (2007: 0.8 cents) with no dividend proposed for the period.

A focus on operational efficiencies in the Malaysian market means we have seen only a 1% reduced in normalised profit after tax and minority interest, despite a 12% reduction in revenue year on year. The Board continues to believe that a joint venture approach in new market will provide a better financial return to shareholders in the long term.

Strategy

The Malaysian market remains stable despite the global economy crisis. Prepaid airtime sales continue to be the main revenue generator. The management continues to focus on expanding the terminal base to cover all blind spots and to enhance productivity of the terminals through introducing more quality products and services.

The management team under the stewardship of Dato' Hassan Said, who was appointed Executive Chairman of e-pay Malaysia in October 2008, continues to focus on driving the sales and managing resources and costs effectively. The team is examining the existing customer's base to seek opportunities to expand sales in the most effective manner.

New markets

The Company continues its collaboration with AsiaNet Technology Limited ('ANTL') in exploring business opportunities in China. Further studies are being conducted to ascertain the changes to China market resulting from current economy crisis. Further progress will be announced in due course.

Outlook

2008 has been a challenging year with the market softening on a global basis. However, the strategies the Company adopted in 2008 have proven effective, especially in the area of cost management. We believe by continuing the same strategies, coupled with micro-management of sales and exploration of new growth markets in China, will present solid future prospects to the Company.



Simon Loh
CEO

20 February 2009

Preliminary final report (Appendix 4E)

1. Company details

Name of entity

E-PAY ASIA LIMITED
ABN No. 99 089 227 887

Financial year ended ('current period')

31 December 2008

Financial year ended ('previous period')

31 December 2007

2. Key Information on: Results for announcement to the market

\$A'000's

2.1	Revenue	Down	28	% to	10,185
2.2	Profit (loss) after tax attributable to members	Down	2,215	% to	(4,357)
2.3	Net profit (loss) for the period attributable to members	Down	2,215	% to	(4,357)
2.4	Dividends		Amount per security		Franked amount per security
	Final dividend declared subsequent to 31 December 2008		- ¢		- ¢
	Interim dividend		- ¢		- ¢
2.5	Record date for determining entitlements to the final dividend:				NIL
	Date dividend is declared				NIL
	Date dividend is payable				NIL
2.6	As at 31 st December 2008				
	Total number of issued ordinary shares				281,656,343
	Diluted weighted average number of issued ordinary shares				281,656,343
	On 21 st January 2008, the Company consolidated the number of shares on issued on the basis of 1 new share for every 10 old shares. All the references in this report (other than the post consolidation total below) to shares are pre-consolidation.				
	Total number of issued ordinary shares post consolidation				28,165,160
	Diluted weighted average number of issued ordinary shares post consolidation				28,165,160

3. e-pay Asia Limited
Income Statement
Financial year ended 31 December 2008

	Notes	Consolidated 2008 \$	Consolidated 2007 \$
Revenue	3(a)	10,185,391	14,278,381
Other Income	3(b)	26,588	-
Employee benefits expense		(2,620,141)	(3,803,054)
Advertising and marketing promotions		(471,339)	(300,257)
Accommodation and travelling expenses		(272,187)	(543,983)
Telephone and utility charges		(430,928)	(600,323)
Professional and consultancy fees		(486,668)	(942,399)
Operating lease rentals		(178,403)	(249,232)
Terminal installation and maintenance fees		(116,486)	(245,336)
Other operating expenses		(1,128,806)	(1,249,873)
Profit before finance costs, depreciation & amortisation, impairment losses and income tax		4,507,021	6,343,924
Finance costs		(1,258,326)	(1,503,954)
Impairment of goodwill		-	(928,501)
Impairment of plant and equipment		(1,590,436)	(618,329)
Impairment of amounts due from associate entities		-	(151,811)
Impairment of convertible notes loan		(2,748,000)	-
Depreciation and amortisation expense		(1,820,784)	(2,084,298)
(Loss)/ profit before income tax		(2,910,525)	1,057,031
Income tax expense		(52,441)	(348,872)
(Loss)/ profit for the year		(2,962,966)	708,159
(Loss)/ profit attributable to :			
Members of the parent entity		(4,356,925)	206,287
Minority equity interest		1,393,959	501,872
		(2,962,966)	708,159
Basic earnings per share (cents)		(1.55)	0.08
Diluted earnings per share (cents)		(1.55)	0.08

The accompanying notes form an integral part of this Income Statement.

Notes to Income Statement

Income Statement Items	Consolidated 2008 \$	Consolidated 2007 \$
3(a) Revenue:		
Software sales revenue	72,813	2,569,379
Airtime commission revenue	9,511,413	10,766,259
Interest income	419,000	561,039
Other revenue	182,165	381,704
Total revenue	10,185,391	14,278,381
3(b) Other income:		
Gain on disposal of plant and equipment	4,842	-
Sundry income	21,746	-
Total Other Income	26,588	-
3(c) (Loss)/ profit before Income Tax includes the following Net Gains and Expenses:		
(i) Gains		
Gain on disposal of plant & equipment	4,842	-
(ii) Expenses		
Depreciation and amortisation:		
Depreciation of:		
- Plant and equipment	1,130,066	1,415,287
Total depreciation	1,130,066	1,415,287
Amortisation of:		
- Software	679,513	647,212
- Other intangible assets	11,205	21,799
Total amortisation	690,718	669,011
Total depreciation and amortisation	1,820,784	2,084,298
Impairment of trade receivables	174,489	149,022
Impairment of amounts due from associate entities	-	151,811
Impairment of goodwill	-	928,501
Impairment of plant and equipment	1,590,436	618,329
Loss on disposal of plant and equipment	-	5,371
Operating lease rentals–minimum lease payments	178,493	249,232
Finance costs	1,258,326	1,503,954
Foreign Exchange Loss	249,922	128,140

4. **e-pay Asia Limited**
Balance Sheet as at 31 December 2008

	Consolidated 2008 \$	Consolidated 2007 \$
Current Assets		
Cash and cash equivalents	11,994,673	13,367,423
Trade and other receivables	3,342,747	3,141,979
Financial asset	-	2,624,000
Prepaid airtime top-up value	13,162,337	8,374,507
Other current assets	88,503	178,996
Total Current Assets	28,588,260	27,686,905
Non-Current Assets		
Plant and equipment	2,520,649	2,817,727
Intangible assets - Software	158,240	2,249,946
- Others	39,066	43,088
Financial assets	51,656	84,337
Total Non-Current Assets	2,769,611	5,195,098
Total Assets	31,357,871	32,882,003
Current Liabilities		
Trade and other payables	6,016,331	7,078,777
Financial liabilities	13,551,767	12,073,563
Current tax liabilities	12,779	1,834
Short term provisions	69,626	84,476
Others current liabilities	-	70,000
Total Current Liabilities	19,650,503	19,308,650
Non-Current Liabilities		
Financial liabilities	471,826	906,719
Deferred tax liability	89,591	74,111
Long term provisions	49,434	118,325
Total Non-Current Liabilities	610,851	1,099,155
Total Liabilities	20,261,354	20,407,805
Net Assets	11,096,517	12,474,198
Equity		
Issued capital	12,163,687	12,163,687
Reserves	2,248,775	1,067,199
Retained losses	(7,453,711)	(3,096,786)
Parent interest	6,958,751	10,134,100
Minority equity interest	4,137,766	2,340,098
Total Equity	11,096,517	12,474,198

5. **e-pay Asia Limited**

Statement of Changes in Equity for the financial year ended 31 December 2008

	Consolidated 2008 \$	Consolidated 2007 \$
Balance at the beginning of the year	12,474,198	14,055,593
Exchange difference on translation of foreign operations	1,876,122	(443,641)
Minority equity interest share of dividend paid by subsidiary	(258,156)	-
Financial assets	(32,681)	(42,167)
Net income/ (loss) recognised directly in equity	1,585,285	(485,808)
(Loss)/ profit for the year	(2,962,966)	708,159
Total recognised profit / (loss) for the year attributable to members of e-pay Asia Limited	(1,377,681)	222,351
Liabilities/expenses settled by the issue of equity	-	919,776
Contributions of equity, net of transaction costs	-	56,734
Interim dividend declared	-	(2,780,256)
Total equity at year end	11,096,517	12,474,198

6.

e-pay Asia Limited
Cash Flow Statement for the financial year ended 31 December 2008

	Notes	Consolidated 2008 \$	Consolidated 2007 \$
Cash flows from operating activities			
Receipts from customers		571,222,788	581,677,305
Payments to suppliers and employees		(572,910,316)	(566,324,316)
Interest received		294,919	437,039
Finance costs		(667,280)	(1,216,652)
Income tax paid		(41,496)	(109,836)
Net cash (used in)/ provided by operating activities	6(b)	(2,101,385)	14,463,540
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		10,642	165,250
Payments for plant and equipment		(514,179)	(846,091)
Subscription of convertible loan note		-	(2,500,000)
Withdrawal of investment in financial assets (term deposits)		-	1,798,000
Net cash used in investing cash flows		(503,537)	(1,382,841)
Cash flows from financing activities			
Proceeds from issues of shares and options		-	56,734
Proceeds from borrowings		-	2,607,615
Repayments of borrowings		(2,440,104)	(6,111,273)
Dividends paid		-	(2,780,256)
Net cash used in financing cash flows		(2,440,104)	(6,227,180)
Net increase in cash held		(5,045,027)	6,853,519
Cash at beginning of financial year		13,367,423	7,084,440
Currency translation difference		3,672,277	(570,536)
Cash at end of financial year	6(a)	11,994,673	13,367,423

The accompanying notes form an integral part of this Cash Flow Statement.

6(a) Reconciliation of cash

Cash at the end of the end of financial year as shown in statement of cash flows is reconciled to items in the Balance Sheet as follows:

	Consolidated 2008	Consolidated 2007
	\$	\$
Cash and cash equivalents	3,634,376	4,768,442
Term deposits	8,360,297	8,598,981
Total cash in statement of cash flows	11,994,673	13,367,423

6(b) Reconciliation of net cash provided by operating activities to operating profit after income tax

	Consolidated 2008	Consolidated 2007
	\$	\$
(Loss)/ profit after income tax	(2,962,966)	708,159
Adjustments for non cash items:		
- Depreciation and amortisation	1,820,784	2,084,298
- Impairment of goodwill	-	928,501
- Foreign exchange differences	224,727	(215,302)
- Impairment of trade receivables	174,489	149,022
- Loss on disposal of plant and equipment	-	5,371
- Impairment of plant and equipment	1,590,436	618,329
- Impairment of third party convertible notes loan	2,748,000	-
- Non cash interest income	(124,000)	(124,000)
- Amortisation of borrowing cost	609,055	456,792
- Other reconciling items	(5,627)	(13,567)
Increase/ (decrease) in liabilities:		
- Trade payables and accruals	(1,045,264)	(115,704)
- Income taxes payable	10,945	(17,901)
- Provisions	630	(120,183)
(Increase)/ decrease in assets:		
- Trade and other receivables	(354,764)	8,219,056
- Prepaid airtime value	(4,787,830)	1,900,669
Cash flow from operations	(2,101,385)	14,463,540

7. Dividends

7.1 Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	-	- ¢	- ¢	- ¢
	Previous year	-	- ¢	- ¢	- ¢
Interim dividend:	Current year	-	- ¢	- ¢	- ¢
	Previous year	10 th April 2007	1.36¢	- ¢	- ¢

7.2 Total dividend per security (interim *plus* final)

+Ordinary securities

Current year	Previous year
- ¢	1.36 ¢

8. NTA backing

	Current period	Previous period
Net tangible asset backing per ordinary security	3.9 cents	3.6 cents

9. Control gained

9.1 Control gained over entities

Name of entity (or group of entities)	NIL
Date control gained	NIL
Contribution of such entities to the reporting entity's profit/(loss) during the period (where material).	NIL
Profit/(loss) of the acquired entities for the whole of the previous financial year was:	NIL

10. Details of associates and joint venture entities


Name of associate/joint venture	1. Reporting entity's percentage holding		2. Contribution to net profit/(loss) (where material)	
	Current Period	Previous corresponding period	Current Period	Previous corresponding period
e-pay Pakistan (Private) Limited	30%	30%	-	-
Electronic Payment Network (Thailand) Co. Ltd	18%	18%	-	-

11. Foreign entities

Details of origin of accounting standards used in compiling the report
In compliance with the International Financial Reporting Standards

12.

This report is based on accounts which are in the process of being audited.

Sign here: ..  Date: ..20 February 2009.....
 (Company Secretary)

Print name: ...Robert Lees.....