

26 August 2010

**e-pay Asia Limited ABN 99 089 227 887**  
**(“e-pay Asia”, the “Company” or the “Group”)**

**Interim Results for the six months ended 30 June 2010**

**Highlights:**

- 123.0% increased in net profit after tax attributable to members
- Core Malaysia business performance improved
- 4.2% reduction in consolidated revenue
- Directors are planning for strategic acquisitions to enhance the Company’s growth prospects over the longer term

Simon Loh, Executive Chairman, said;

“The period under review saw recovery of regional economies at different paces, and I’m pleased to report commendable financial results of the Company with 123% increase in net profit after tax attributable to members compared to same period last year. The 4.2% reduction in revenue was mainly caused by exchange differences on translating foreign controlled entities resulting from a stronger Australia dollar. The core business in Malaysia has recorded higher revenue in Malaysia Ringgit but the percentage appreciation of the Australia dollar overweighs the percentage increase in revenue resulting in overall reduction in revenue reported in Australia dollar.

“Based on measures recommended from the independent review conducted late 2009, the Company is implementing strategies to strengthen the financial position and is witnessing positive results in reducing finance and depreciation costs. The Board continues with the implementation of the recommended strategies which aim to improve the overall performance of the Company and will actively pursue acquisition strategies.

“As part of the continuous effort to position the Company to enable the Company to implement its business development in expansion and strategic acquisitions, the Company announced on 23<sup>rd</sup> July 2010 a 1 for 1 Rights Issue to raise A\$2.5m cash before costs. This exercise is expected to complete on 2<sup>nd</sup> September 2010. The Company is in a transition from focusing on its existing businesses to becoming South East Asia’s leading payment processor. With the rights issue being undertaken by the Company, the Board is confident of realizing its acquisition.

“The Board welcomes CY Chin to join the Board as non-executive director; he brings along enormous experience in sales, distribution and marketing in the telecommunications industry. We would like to thank Jack Tan and James Huey for their contribution to the Board.”

e-pay Asia Limited ABN 99 089 227 887  
(ASX:EPY)

Results for announcement to the market	Six months period ended 30 June 2010 \$	Change %
1.1 Revenue	5,040,016	-4.2
1.2 EBITDA (Earnings before interest, tax, depreciation and amortisation)	2,281,545	-6.4
1.3 Profit after Income Tax	1,695,629	44.7
1.4 Net profit after tax attributable to members	955,890	123.0
1.5 Basic earning per share	3.36 cents	121.1
1.6 Diluted earning per share	3.36 cents	121.1
1.7 Dividend	-	-
1.8 Net tangible assets per share	48 cents	37.1

**e-pay Asia Limited ABN 99 089 227 887**  
**Interim Report - 30 June 2010**

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*This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2009 and any public announcements made by e-pay Asia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

**e-pay Asia Limited ABN 99 089 227 887**  
**Directors' Report**  
**30 June 2010**

**Directors' Report**

Your directors present the financial report on the consolidated group consisting of e-pay Asia Limited and the entities it controlled for the half-year ended 30 June 2010.

**Directors**

The following persons were directors of e-pay Asia Limited during or since the end of the half year:

Simon Loh  
Chih Ming Yap  
CY Chin (Appointed on 15 June 2010)  
Jack Tan (Resigned on 15 June 2010)  
James Huey (Resigned on 27 May 2010)

**Review of operations**

The Company engaged an independent consultant to conduct a study to improve its overall operations and to identify business opportunities in late 2009. The study was not limited to its existing business operations but also to identify market opportunities. The management had responded with an updated operation strategies based on the recommendations emphasising on efficient assets and cash management to enhance the Company performance. The management also adopted new strategic initiatives to enhance its distribution channels to be ready for new revenue streams. During the period under review, we are pleased to report that the Company is on the right track with positive results being delivered.

The Group positive operating cash flow was \$3.2m (2009: \$8.9m) and cash balance stood at \$8.8m (Dec 2009: \$7.7m) with net cash of \$3.8m (Dec 2009: \$0.4m).

The Group revenue was \$5.0m (2009: \$5.3m) with EBITDA of \$2.3m (2009: \$2.4m). The revenue was down by 4.2% mainly due to strong Australia dollar currency movement during the period under review. The Australia dollar had appreciated 13.8% against Malaysia Ringgit compared to the same period last year using the average rate. Net profit after tax attributable to members was \$1.0m (2009: \$0.4m). Diluted earnings per share were 3.36 cents (2009: 1.52 cents).

**e-pay Malaysia**

Malaysia mobile penetration has reached 106.1% in December 2009 with about 29m population. With over 100% penetration, growth opportunities are still available from multiple SIM ownerships and the penetration rate is expected to reach 120% by 2011. In this business environment, the Company is diversifying its service offering leveraging off the Company's existing infrastructure by introducing value-added services and products to access new markets and to increase revenue. Currently, the Company is in the process of bringing in more billers for bill collection and top-up for the prepaid transport card.

**e-pay Malaysia (continued)**

In terms of securing a stronger competitive position, the Company is continuing to expand its distribution network focussing on underserved regions in Malaysia with low penetrations and where the scope for growth is higher, for example Sabah and Sarawak in East t Malaysia. The Company is also contemplating the introduction of loyalty programs to enhance stickiness with the end users with the view to achieving a sustained revenue stream.

**Outlook**

With the commitment from the management to adopt the planned strategic initiatives as well as putting in the necessary resources for new ventures, the Company will be able to strengthen its market leader position in Malaysia

**Auditor's Declaration**

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 30 June 2010.

This report is signed in accordance with a resolution of the Board of Directors.



.....  
Simon Loh

Dated this 26 of August 2010

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities

**Auditor's Independence declaration under Section 307C of The Corporations Act 2001  
to the Directors of e-pay Asia Limited and Controlled Entities**

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

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31 Market Street, Sydney, NSW 2000



**DREW TOWNSEND**  
Partner  
Date: 26 August 2010

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David Kenney  
Richard Albarran  
Gino Malacco  
Paul Leroy  
Steven Gladman  
Drent Kijurina  
Blair Pleash  
David Ross  
Graham Webb  
Domenic Calabretta

**Associates**  
Lyle Vallance  
Bill Petrovski  
Sally Saad  
David Ingram

National Association  
Hall Chadwick

**Other Independent firms in:**  
Brisbane  
Gold Coast  
Perth



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**e-pay Asia Limited ABN 99 089 227 887**  
**Consolidated Statement of Comprehensive Income**  
**For the half-year ended 30 June 2010**

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>30 June 2010</b>	<b>30 June 2009</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>		<b>5,040,016</b>	<b>5,259,992</b>
Other income		181,355	148,467
Employee benefits expense		(1,717,168)	(1,760,108)
Advertising and promotion expenses		(223,898)	(208,323)
Accommodation and travelling expenses		(88,048)	(134,865)
Telephone and utility charges		(226,203)	(221,313)
Professional and consultancy fees		(219,123)	(216,130)
Operating lease rentals		(87,499)	(86,436)
Terminal installation and maintenance fees		(74,466)	(53,426)
Other operating expenses		(303,421)	(291,249)
<b>Profit before finance costs, depreciation, and income tax</b>		<b>2,281,545</b>	<b>2,436,609</b>
Finance costs		(100,010)	(563,118)
Depreciation and amortisation expenses		(431,511)	(637,710)
<b>Profit before income tax</b>		<b>1,750,024</b>	<b>1,235,781</b>
Income tax expense		(54,395)	(64,360)
<b>Net profit for the half-year</b>		<b>1,695,629</b>	<b>1,171,421</b>
<b>Other comprehensive income after income tax:</b>			
Exchange gain/(loss) on translating foreign controlled entities		1,087,150	(1,627,116)
Profit on disposal of available-for-sale financial assets		64,307	-
Net gain on revaluation of available-for-sale financial assets		-	11,596
<b>Other comprehensive income/(loss) for the half-year, net of tax</b>		<b>1,151,457</b>	<b>(1,615,520)</b>
<b>Total comprehensive income/(loss) for the half-year</b>		<b>2,847,086</b>	<b>(444,099)</b>
<b>Profit attributed to:</b>			
Members of the parent entity		955,890	428,666
Non-controlling interest		739,739	742,755
		<u>1,695,629</u>	<u>1,171,421</u>
<b>Total comprehensive income/(loss) attributed to:</b>			
Members of the parent entity		1,678,379	(539,173)
Non-controlling interest		1,168,707	95,074
		<u>2,847,086</u>	<u>(444,099)</u>
<b>Earnings per share:</b>			
Basic earnings per share (cents)		3.36 cents	1.52 cents
Diluted earnings per share (cents)		3.36 cents	1.52 cents

The accompanying notes form part of these financial statements.

**e-pay Asia Limited ABN 99 089 227 887**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2010**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>30 June 2010</b>	<b>31 December 2009</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	8,845,956	7,723,220
Trade and other receivables		3,901,553	2,386,908
Prepaid airtime top-ups		9,345,644	12,845,812
Other current assets		-	83,372
<b>TOTAL CURRENT ASSETS</b>		<b>22,093,153</b>	<b>23,039,312</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		1,144,344	1,147,988
Intangible assets		120,364	142,358
Financial assets		28,928	136,992
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,293,636</b>	<b>1,427,338</b>
<b>TOTAL ASSETS</b>		<b>23,386,789</b>	<b>24,466,650</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,383,177	7,221,783
Borrowings		4,695,390	6,869,100
Current tax liabilities		21,829	220
Short-term provisions		13,843	53,093
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,114,239</b>	<b>14,144,196</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		35,980	-
Deferred tax liabilities		77,357	70,327
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>113,337</b>	<b>70,327</b>
<b>TOTAL LIABILITIES</b>		<b>10,227,576</b>	<b>14,214,523</b>
<b>NET ASSETS</b>		<b>13,159,213</b>	<b>10,252,127</b>
<b>EQUITY</b>			
Issued capital		12,223,687	12,163,687
Reserves		1,508,648	786,159
Retained losses		(5,661,537)	(6,617,427)
<b>Parent entity interest</b>		<b>8,070,798</b>	<b>6,332,419</b>
Non-controlling interest		5,088,415	3,919,708
<b>TOTAL EQUITY</b>		<b>13,159,213</b>	<b>10,252,127</b>

The accompanying notes form part of these financial statements.

**e-pay Asia Limited ABN 99 089 227 887**  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 30 June 2010**

	Share Capital							Foreign Currency Translation Reserve	Total
	Ordinary shares	Equity contribution	Conversion rights on convertible notes	Retained Losses	Options Reserve	Financial Assets Reserve	Non- Controlling Interests		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2010</b>	<b>11,574,387</b>	<b>451,000</b>	<b>138,300</b>	<b>(6,617,427)</b>	<b>1,535,374</b>	<b>(64,307)</b>	<b>3,919,708</b>	<b>(684,908)</b>	<b>10,252,127</b>
Liability settled by issue of equity	60,000	-	-	-	-	-	-	-	60,000
Profit attributable to members of the parent entity	-	-	-	955,890	-	-	-	-	955,890
Profit attributable to non-controlling interest	-	-	-	-	-	-	739,739	-	739,739
Total other comprehensive income for the half-year	-	-	-	-	-	64,307	428,968	658,182	1,151,457
<b>Balance at 30 June 2010</b>	<b>11,634,387</b>	<b>451,000</b>	<b>138,300</b>	<b>(5,661,537)</b>	<b>1,535,374</b>	<b>-</b>	<b>5,088,415</b>	<b>(26,726)</b>	<b>13,159,213</b>
<b>Balance at 1 January 2009</b>	<b>11,574,387</b>	<b>451,000</b>	<b>138,300</b>	<b>(7,453,711)</b>	<b>1,535,374</b>	<b>(123,343)</b>	<b>4,137,766</b>	<b>836,744</b>	<b>11,096,517</b>
Profit attributable to members of the parent entity	-	-	-	428,666	-	-	-	-	428,666
Profit attributable to non-controlling interest	-	-	-	-	-	-	742,755	-	742,755
Non-controlling share of prior year dividend paid	-	-	-	-	-	-	(647,128)	-	(647,128)
Total other comprehensive income for the half-year	-	-	-	-	-	11,596	(647,681)	(979,435)	(1,615,520)
<b>Balance at 30 June 2009</b>	<b>11,574,387</b>	<b>451,000</b>	<b>138,300</b>	<b>(7,025,045)</b>	<b>1,535,374</b>	<b>(111,747)</b>	<b>3,585,712</b>	<b>(142,691)</b>	<b>10,005,290</b>

The accompanying notes form part of these financial statements.

**e-pay Asia Limited ABN 99 089 227 887**  
**Consolidated Statement of Cash Flows**  
**For the half-year ended 30 June 2010**

	Note	Consolidated Group 30 June 2010 \$	30 June 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		306,479,538	309,031,137
Payments to suppliers and employees		(303,244,174)	(299,906,119)
Interest received		52,943	113,875
Finance costs		(91,357)	(262,599)
Income tax paid		(33,998)	(62,835)
		<u>3,162,952</u>	<u>8,913,459</u>
<b>Net cash provided by operating activities</b>			
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>			
Proceeds from disposal of plant and equipment		1,020	4,712
Proceeds from disposal of quoted investment		148,838	-
Payments for plant and equipment		(234,406)	(105,522)
		<u>(84,548)</u>	<u>(100,810)</u>
<b>Net cash used in investing activities</b>			
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Repayments of borrowings		(2,719,760)	(6,182,006)
		<u>(2,719,760)</u>	<u>(6,182,006)</u>
<b>Net cash used in financing activities</b>			
Net increase in cash held		358,644	2,630,643
Cash and cash equivalents at beginning of financial period		7,723,220	11,994,673
Effect on exchange rates on cash holdings in foreign currencies		764,092	(4,069,762)
		<u>8,845,956</u>	<u>10,555,554</u>
<b>Cash and cash equivalents at end of financial period</b>	3		

The accompanying notes form part of these financial statements.

**Note 1: Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2010 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of e-pay Asia Limited and its controlled entities (the Group). As such it does not contain information that represents insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial reports be read in conjunction with the financial statements of the Group for the year ended 31 December 2009, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**Note 2: Operating Segments**

**Segment Information**

**Identification of reportable segments**

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of service offerings since the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

**Types of services by segment**

(i) *Prepaid Top-up*

The prepaid top-up business segment is principally engaged in the distributorship of various prepaid services, including mobile phone airtime and diesel.

(ii) *Software Solutions*

The software solutions business segment is principally involved in the provision of software solutions to customers including software licenses, customisation and installation of software, and the provision of ongoing software maintenance services.

(iii) *Corporate/ unallocated*

The corporate segment covers all corporate matters relating to the publicly listed company and activities that are not allocated to operating segments as they are not considered part of the core operations of any segment.

**Note 2: Operating Segments (continued)**

**Basis of accounting for purposes of reporting by operating segments**

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

*Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

**e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities**  
**Notes to the Financial Statements for the half year ended 30 June 2010**

**Note 2: Operating Segments (continued)**

**(i) Segment performance**

	<b>Prepaid Top-up</b>	<b>Software Solutions</b>	<b>Corporate/ unallocated</b>	<b>Total</b>
<b>Six months ended 30 June 2010</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>				
External sales	4,977,162	8,911	-	4,986,073
Interest revenue	47,075	-	6,868	53,943
Other revenue	181,355	-	-	181,355
<b>Total segment revenue</b>	<b>5,205,592</b>	<b>8,911</b>	<b>6,868</b>	<b>5,221,371</b>

**Reconciliation of segment results to group profit before tax**

**Amount not included in  
segment result but reviewed  
by the Board:**

- Depreciation and amortisation	(428,478)	(3,033)	-	(431,511)
- Finance costs	(99,103)	-	(907)	(100,010)
- Others	(2,582,877)	(99,933)	(257,016)	(2,939,826)
<b>Net profit before tax from continuing operations</b>	<b>2,095,134</b>	<b>(94,055)</b>	<b>(251,055)</b>	<b>1,750,024</b>

	<b>Prepaid Top-up</b>	<b>Software Solutions</b>	<b>Corporate/ unallocated</b>	<b>Total</b>
<b>Six months ended 30 June 2009</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>				
External sales	5,146,117	-	-	5,146,117
Interest revenue	91,170	-	22,705	113,875
Other revenue	130,962	-	17,505	148,467
<b>Total segment revenue</b>	<b>5,368,249</b>	<b>-</b>	<b>40,210</b>	<b>5,408,459</b>

**Reconciliation of segment results to group profit before tax**

**Amount not included in  
segment result but reviewed  
by the Board:**

- Depreciation and amortisation	(621,028)	(4,297)	(12,385)	(637,710)
- Finance costs	(196,426)	-	(366,692)	(563,118)
- Others	(2,510,777)	(133,988)	(327,085)	(2,971,850)
<b>Net profit before tax from continuing operations</b>	<b>2,040,018</b>	<b>(138,285)</b>	<b>(665,952)</b>	<b>1,235,781</b>

**e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities**  
**Notes to the Financial Statements for the half year ended 30 June 2010**

**Note 2: Operating Segments (continued)**

**(ii) Segment Assets**

	<b>Prepaid Top-up \$</b>	<b>Software Solutions \$</b>	<b>Corporate/ unallocated \$</b>	<b>Total \$</b>
<b>30 June 2010</b>				
Segment assets	22,325,253	80,598	746,532	23,152,383
Segment asset increases for the period:				
- capital expenditure	234,406	-	-	234,406
<b>Total group assets</b>	<b>22,559,659</b>	<b>80,598</b>	<b>746,532</b>	<b>23,386,789</b>
<b>31 December 2009</b>				
Segment assets	23,884,306	44,074	452,206	24,380,586
Segment asset increases for the period:				
- capital expenditure	86,064	-	-	86,064
<b>Total group assets</b>	<b>23,970,370</b>	<b>44,074</b>	<b>452,206</b>	<b>24,466,650</b>

**(iii) Segment Liabilities**

	<b>Prepaid Top-up \$</b>	<b>Software Solutions \$</b>	<b>Corporate/ unallocated \$</b>	<b>Total \$</b>
<b>30 June 2010</b>				
Segment liabilities	9,808,483	-	419,093	10,227,576
<b>Total group liabilities</b>	<b>9,808,483</b>	<b>-</b>	<b>419,093</b>	<b>10,227,576</b>
<b>31 December 2009</b>				
Segment liabilities	13,563,399	1,472	649,652	14,214,523
<b>Total group liabilities</b>	<b>13,563,399</b>	<b>1,472</b>	<b>649,652</b>	<b>14,214,523</b>

**e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities**  
**Notes to the Financial Statements for the half year ended 30 June 2010**

**Note 2: Operating Segments (continued)**

(iv) **Revenue by geographical region**

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	<b>For the six months ended 30 June 2010</b>	<b>For the six months ended 30 June 2009</b>
	<b>\$</b>	<b>\$</b>
Malaysia	5,214,503	5,368,249
Australia	6,868	40,210
<b>Total revenue</b>	<b>5,221,371</b>	<b>5,408,459</b>

(v) **Assets by geographical region**

The location of segment assets is disclosed below by geographical location of the assets:

	<b>Balance as at 30 June 2010</b>	<b>Balance as at 31 December 2009</b>
	<b>\$</b>	<b>\$</b>
Malaysia	22,640,257	24,014,444
Australia	746,532	452,206
<b>Total Assets</b>	<b>23,386,789</b>	<b>24,466,650</b>

**Note 3: Cash and Cash Equivalents**

	<b>Balance as at 30 June 2010</b>	<b>Balance as at 31 December 2009</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	3,083,854	2,402,190
Term deposits	5,762,102	5,321,030
	a)	
	b)	
	<b>8,845,956</b>	<b>7,723,220</b>

a) Included in term deposits are deposits amounting to \$5,011,294 (31 December 2009 : \$5,100,027) pledged to the Group's bankers as security for credit facilities granted to the Group.

b) **Reconciliation of Cash**

	<b>Balance as at 30 June 2010</b>	<b>Balance as at 31 December 2009</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	8,845,956	7,723,220
	<b>8,845,956</b>	<b>7,723,220</b>

**e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities**  
**Notes to the Financial Statements for the half year ended 30 June 2010**

**Note 4: Commitments**

**(a) Operating lease expenditure contracted for is payable as follows:**

	<b>Balance as at</b>	<b>Balance as at</b>
	<b>30 June 2010</b>	<b>31 December 2009</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	122,783	159,977
Later than one year and not later than five years	50,588	19,103
	<u>173,371</u>	<u>179,080</u>

Operating leases are entered into as a means of acquiring access to office facilities. Rental payments are fixed. No operating leases contain restrictions on financing or other leasing activities.

**(b) Hire purchase and finance lease commitments**

	<b>Balance as at</b>	<b>Balance as at</b>
	<b>30 June 2010</b>	<b>31 December 2009</b>
	<b>\$</b>	<b>\$</b>
Minimum hire purchase and lease payments		
- not later than one year	18,174	-
- later than one year and not later than five years	41,301	-
	<u>59,475</u>	<u>-</u>
Future finance charges	(5,505)	-
Present value of hire purchase and lease payables	<u>53,970</u>	<u>-</u>
Current:		
- not later than one year	17,990	-
Non-current		
- later than one year and not later than five years	35,980	-
	<u>53,970</u>	<u>-</u>

The hire purchase and lease payables were subject to an effective interest rate at the balance sheet date of 3.4% (2009: NIL) per annum.

The finance lease payables are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Net book value of plant and equipment acquired under hire purchase and lease terms are \$88,828 (2009: \$NIL).

**Note 5: Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

**Note 6: Subsequent Events**

On 23 July 2010, the Company announced a renounceable rights issue on the basis of 1 new fully paid ordinary share for every 1 existing fully paid share held by shareholders of the Company with registered addresses in Australia, New Zealand and Hong Kong as at 7pm EST on 3 August 2010 (Record date) at an issue price at 9 cents (\$0.09) per share.

The offer will result in the issuance of approximately 28,465,160 new shares in the Company to raise \$2,561,864 before costs of the offer.

The right issue will be fully underwritten by Centurian Portfolio Sdn Bhd, an entity related to Simon Loh.

No other matters or circumstances have arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Groups' state of affairs in future financial years.

**e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities  
Directors' Declaration**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 15 are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



.....  
Simon Loh

Dated this 26 of August 2010

**e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities  
Independent Auditor's Review Report  
to the members of e-pay Asia Limited and Controlled Entities**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of e-pay Asia Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 30 June 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of e-pay Asia Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of e-pay Asia Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This review report relates to the financial report of the consolidated entity for the half-year ended 30 June 2010 included on the website of e-pay Asia Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

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**e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities  
Independent Auditor's Review Report  
to the members of e-pay Asia Limited and Controlled Entities**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of e-pay Asia Limited and controlled entities is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Hall Chadwick  
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31 Market Street  
Sydney NSW 2000



**DREW TOWNSEND**  
**PARTNER**  
Date 26 August 2010