

26 February 2010

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

Preliminary results for the year ended 31 December 2009

Highlights

- Consolidated revenue up 1% to \$10.3m (2008: \$10.2m).
- Net profit attributable to members of \$0.84m (2008: \$4.36m net loss).
- Cash balance was \$7.7m with net cash of \$0.9m at year end (2008: \$12.0m and Net Debt \$2.0m respectively).
- Earnings per share of 2.97 cents (\$) (2008: (1.55) cents).
- The result has been adversely effected by the strong Australian Dollar.

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

"2009 has seen a gradual recovery of the global economy despite uncertainty continuing to prevail. Our focus on micro-management of our Malaysia business continues to generate positive returns to shareholders. We will continue to explore any business opportunities that may arise in South East Asia"

Enquiries

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Chairman's Statement

The period under review saw us continuing to operate in a difficult environment because economic conditions remained uncertain. Our product and service offerings were resilient to those conditions and have not been affected adversely. Management attention remains focused on driving value from core market business in Malaysia with better micro-management and introduction of new products and services.

Revenue for the year ended 31 December 2009 increased marginally by \$0.1m. But the contribution from airtime commission out of core business increased by \$0.4m which demonstrated that a principal dynamic of the business remains intact. EBITDA (before impairment losses) decreased to \$4.0m (2008: \$4.5m), mainly due to increased in employee benefits expense. EBITDA margin (before impairment) was 39% (2008: 44%) for the full year with reported basic earnings per share of 2.97 cents (\$) (2008: (1.55) cents)

The Company continues to retain a strong cash position with cash balances of \$7.7m, (2008: \$12.0m) and net cash of \$0.9m, (2008: \$2.0m net debt).

For the Malaysian market, the Company continues to strengthen its dominant position through closely managing its point of sales channels. Management analysed the market trends and sales records of all channels to ensure that all sales points are productive with a positive financial contribution, removing those where sales were not satisfactory. The airtime commission increased marginally 3.8% to \$9.8m (2008: \$9.5m). The Company also introduced new products and services during the year, mainly MVNO prepaid top-up services.

The Company announced on 14 Oct 2009 termination of the AsiaNet Technology Limited agreement which marked the end of the China venture. The Company will explore new international ventures when the economy and markets evolve positively.

I would to take this opportunity to thank the executive team for their dedication and determination and the Company's employees for their hard work and achievements during the period under review.



Jack Tan
Chairman

26 February 2010

Chief Executive Officer's Review

Financials

The consolidated revenue for the year was up 1% to \$10.3m (2008: \$10.2m). However, the airtime commission increased 4% to \$9.9m (2008: \$9.5m) indicated the core business remained resilient despite difficult economic conditions. Management introduced a number of new products and services during the year under review, to enhance the productivity of point of sales and at the same time provide convenience to users to top-up "round the corner and round the clock".

The Company generated positive \$6.0m operating cash flow during the year (2008: negative \$2.1m) giving closing cash balances of \$7.7m and net cash of \$0.9m (2008: \$12.0m and \$2.0m net debt respectively). The positive operating cash flow was derived mainly from lower receivable and higher payable. Earnings per share were 2.97 cents (\$) (2008: (1.55)) with no dividend proposed for the period.

Strategy

Malaysian mobile penetration rate exceeded 100% in December 2009 with sizeable top-up revenue recurring on a monthly basis. Electronic top-up method is preferred compared to traditional scratch card especially with the new comers (MVNO) with an obvious reason, lower production cost.

With these latest market developments, the Company has adopted the following strategies;

- *Enhance product offerings*
To introduce a wider range of value adding products and services to enhance the value of carrying and using the Company's point of sales as the preferred choice of supply. A complete product range would give convenience to users and hence it is attractive for retailers to maintain the Company point of sales. Retailers not only earn an addition revenue stream but also are able to attract new customers to their shop via accepting bill payment offered by the Company.
- *Micro-management*
To analyse and monitor point of sales performance to ensure positive return of all point of sales. Better customer service and faster response time to build confidence of retailers. Non-productive point of sales will be churned.

Outlook

With the above strategies in place, we are well positioned to capture a bigger market share when the market recovers, and grow point of sales organically. The Company intends to manage its resources efficiently and effectively to deliver better shareholder value.



Simon Loh
CEO

26 February 2010

Preliminary final report (Appendix 4E) - e-pay Asia Limited

1. Company details

Name of entity

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

Financial year ended ('current year')

31 December 2009

Financial year ended ('previous year')

31 December 2008

2. Results for announcement to the market

\$A'000's

2.1	Revenue	Up	1 % to	10,314
2.2	Profit after tax attributable to members	Up	119 % to	836
2.3	Net profit for the period attributable to members	Up	119 % to	836
2.4	Dividends	Amount per security	Franked amount per security	
	Final dividend declared subsequent to 31 December 2009	- ¢		- ¢
	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 2009			
	Total number of issued ordinary shares			28,165,160
	Weighted average number of issued ordinary shares in 2009			28,165,160
	Diluted weighted average number of issued ordinary shares			28,165,160

3. e-pay Asia Limited

Consolidated Statement of Comprehensive Income for year ended 31 December 2009

	Notes	2009 \$	2008 \$
Revenue	3(a)	10,314,299	10,185,391
Other Income	3(b)	113,168	26,588
Employee benefits expense		(3,378,787)	(2,620,141)
Advertising and marketing promotions		(427,947)	(471,339)
Accommodation and travelling expenses		(265,319)	(272,187)
Telephone and utility charges		(465,749)	(430,928)
Professional and consultancy fees		(444,281)	(486,668)
Operating lease rentals		(160,666)	(178,403)
Terminal installation and maintenance fees		(179,865)	(116,486)
Other operating expenses		(1,056,917)	(1,128,806)
Profit before finance costs, depreciation & amortisation, impairment losses and income tax		4,047,936	4,507,021
Finance costs		(667,123)	(1,258,326)
Impairment of plant and equipment		(2,916)	(1,590,436)
Impairment of convertible notes loan		-	(2,748,000)
Depreciation and amortisation expense		(1,128,555)	(1,820,784)
Profit/ (Loss) before income tax		2,249,342	(2,910,525)
Income tax expense		(81,186)	(52,441)
Profit/ (Loss) for the year		2,168,156	(2,962,966)
Other comprehensive income after income tax:			
Exchange differences on translating foreign controlled entities		(2,474,802)	1,876,121
Net gain on revaluation of financial assets		59,036	(32,680)
Other comprehensive (loss)/ income for the year, net of tax		(2,415,766)	1,834,441
Total comprehensive loss for the year		(247,610)	(1,128,525)
Profit/ (Loss) attributable to :			
Members of the parent entity		836,284	(4,356,925)
Minority equity interest		1,331,872	1,393,959
		2,168,156	(2,962,966)
Total comprehensive (loss) attributable to:			
Members of the parent entity		(626,332)	(3,184,349)
Minority equity interest		378,722	2,055,824
		(247,610)	(1,128,525)
Earning per share			
Basic earnings/ (loss) per share (cents)		2.97	(1.55)
Diluted earnings/ (loss) per share (cents)		2.97	(1.55)

e-pay Asia Limited
Notes to Consolidated Income Statement

Income Statement Items	2009	2008
	\$	\$
3(a) Revenue:		
Airtime commission revenue	9,871,398	9,511,413
Software sales revenue	39,573	72,813
Interest income	175,799	419,000
Other revenue	227,529	182,165
Total revenue	10,314,299	10,185,391
3(b) Other income:		
Gain on disposal of plant and equipment	-	4,842
Gain on foreign currency translation	92,333	-
Sundry income	20,835	21,746
Total Other Income	113,168	26,588
3(c) Profit/ (Loss) 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	1,008,881	1,130,066
Total depreciation	1,008,881	1,130,066
Amortisation of:		
- Software	108,302	679,513
- Other intangible assets	11,372	11,205
Total amortisation	119,674	690,718
Total depreciation and amortisation	1,128,555	1,820,784
Provision for impairment of trade receivables	53,094	174,489
Impairment of plant and equipment	2,916	1,590,436
Operating lease rentals–minimum lease payments	160,666	178,493
Finance costs	667,123	1,258,326
Foreign currency translation losses	-	249,922

4. e-pay Asia Limited
Statement of Consolidated Financial Position as at 31 December 2009

	2009 \$	2008 \$
Current Assets		
Cash and cash equivalents	7,723,220	11,994,673
Trade and other receivables	2,386,908	3,342,747
Prepaid airtime top-up value	12,845,812	13,162,337
Other current assets	83,372	88,503
Total Current Assets	23,039,312	28,588,260
Non-Current Assets		
Plant and equipment	1,147,988	2,520,649
Intangible assets	142,358	197,306
Other financial assets	136,992	51,656
Total Non-Current Assets	1,427,338	2,769,611
Total Assets	24,466,650	31,357,871
Current Liabilities		
Trade and other payables	7,221,783	6,016,331
Borrowings	6,869,100	13,551,767
Current tax liabilities	220	12,779
Short term provisions	53,093	69,626
Total Current Liabilities	14,144,196	19,650,503
Non-Current Liabilities		
Borrowings	-	471,826
Deferred tax liabilities	70,327	89,591
Long term provisions	-	49,434
Total Non-Current Liabilities	70,327	610,851
Total Liabilities	14,214,523	20,261,354
Net Assets	10,252,127	11,096,517
Equity		
Issued capital	12,163,687	12,163,687
Reserves	786,159	2,248,775
Retained losses	(6,617,427)	(7,453,711)
Parent interest	6,332,419	6,958,751
Minority equity interest	3,919,708	4,137,766
Total Equity	10,252,127	11,096,517

5. e-pay Asia Limited
Consolidated Statement of Changes in Equity for year ended 31 December 2009

	Share Capital								Total
	Ordinary shares	Equity contribution	Conversion rights on convertible notes	Retained Earnings	Options Reserve	Investment Revaluation Reserve	Minority Equity Interests	Foreign Currency Translation Reserve	
	\$	\$	\$	\$	\$	\$	\$	\$	
Balance at 1 January 2008	11,574,387	451,000	138,300	(3,096,786)	1,535,374	(90,663)	2,340,098	(377,512)	12,474,198
Profit attributable to members of the parent entity	-	-	-	(4,356,925)	-	-	-	-	(4,356,925)
Profit attributable to minority equity interest	-	-	-	-	-	-	1,393,959	-	1,393,959
Minority equity share of prior year dividend paid	-	-	-	-	-	-	(258,156)	-	(258,156)
Total other comprehensive income for the year	-	-	-	-	-	(32,680)	661,865	1,214,256	1,843,441
Balance at 31 December 2008	11,574,387	451,000	138,300	(7,453,711)	1,535,374	(123,343)	4,137,766	836,744	11,096,517
Balance at 1 January 2009	11,574,387	451,000	138,300	(7,453,711)	1,535,374	(123,343)	4,137,766	836,744	11,096,517
Profit attributable to members of the parent entity	-	-	-	836,284	-	-	-	-	836,284
Profit attributable to minority equity interest	-	-	-	-	-	-	1,331,872	-	1,331,872
Minority equity share of prior year dividend paid	-	-	-	-	-	-	(596,780)	-	(596,780)
Total other comprehensive income for the year	-	-	-	-	-	59,036	(953,150)	(1,521,652)	(2,415,766)
Balance at 31 December 2009	11,574,387	451,000	138,300	(6,617,427)	1,535,374	(64,307)	3,919,708	(684,908)	10,252,127

6. **e-pay Asia Limited**
Consolidated Cash Flow Statement for the year ended 31 December 2009

	Notes	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		621,423,938	571,222,788
Payments to suppliers and employees		(615,144,694)	(572,910,316)
Interest received		175,798	294,919
Finance costs		(397,269)	(667,280)
Income tax paid		(93,745)	(41,496)
Net cash (used in)/ provided by operating activities	6(b)	5,964,028	(2,101,385)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		7,736	10,642
Purchase of plant and equipment		(181,114)	(514,179)
Purchase of available for sale investments		(22,969)	-
Net cash used in investing cash flows		(196,347)	(503,537)
Cash flows from financing activities			
Repayments of borrowings		(4,492,306)	(2,440,104)
Net cash used in financing cash flows		(4,492,306)	(2,440,104)
Net increase/ (decrease) in cash held		1,275,375	(5,045,027)
Cash at beginning of financial year		11,994,673	13,367,423
Effect of currency translation difference		(5,546,828)	3,672,277
Cash at end of financial year	6(a)	7,723,220	11,994,673

e-pay Asia Limited

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 2009 \$	Consolidated 2008 \$
Cash and cash equivalents	2,402,190	3,634,376
Term deposits	5,321,030	8,360,297
Total cash in statement of cash flows	7,723,220	11,994,673

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

	Consolidated 2009 \$	Consolidated 2008 \$
Profit/(Loss) after income tax	2,168,156	(2,962,966)
Adjustments for non cash items:		
- Depreciation and amortisation	1,128,555	1,820,784
- Foreign exchange differences	(42,580)	224,727
- Provision for impairment of trade receivables	53,094	174,489
- Gain on disposal of plant and equipment	3,286	-
- Impairment of plant and equipment	2,621	1,590,436
- Impairment of third party convertible notes loan	-	2,748,000
- Non cash interest income	-	(124,000)
- Amortisation of borrowing cost	304,526	609,055
- Other reconciling items	(3,328)	(5,627)
Increase/ (decrease) in liabilities:		
- Trade payables and accruals	2,686,064	(1,045,264)
- Income taxes payable	(12,559)	10,945
- Provisions	(35,797)	630
(Increase)/decrease in assets:		
- Trade and other receivables	907,875	(354,764)
- Prepaid airtime value	(1,195,885)	(4,787,830)
Cash flow from operations	5,964,028	(2,101,385)

e-pay Asia Limited

7. Operating Segments

(i) Segment performance				
	Prepaid Top-up	Software Solutions	Corporate/ unallocated	Total
2009	\$	\$	\$	\$
Revenue				
External sales	10,098,927	39,573	-	10,138,500
Interest revenue	140,816	-	34,983	175,799
Other revenue	95,663	-	17,505	113,168
Total segment revenue	10,335,406	39,573	52,488	10,427,467
Reconciliation of segment results to group profit before tax				
Amount not included in segment result but reviewed by the Board:				
- Depreciation and amortisation	(1,120,308)	(8,247)	-	(1,128,555)
Unallocated items:				
- Finance cost	(302,357)	-	(364,766)	(667,123)
- Others	(5,097,204)	(226,292)	(1,058,951)	(6,382,447)
Net profit before tax from continuing operations	3,815,537	(194,966)	(1,371,229)	2,249,342
2008				
	\$	\$	\$	\$
Revenue				
External sales	9,907,613	72,813	204,965	10,185,391
Interest revenue	4,842	-	21,746	26,588
Total segment revenue	9,912,455	72,813	226,711	10,211,979
Reconciliation of segment results to group loss before tax				
Amount not included in segment result but reviewed by the Board:				
- Depreciation and amortisation	(1,254,677)	(566,107)	-	(1,820,784)
Unallocated items:				
- Finance cost	(488,132)	-	(770,194)	(1,258,326)
- Others	(7,149,904)	(1,684,093)	(1,209,397)	(10,043,394)
Net profit/ (loss) before tax from continuing operations	1,019,742	(2,177,387)	(1,752,880)	(2,910,525)

7. Operating Segments (continued)

(ii) Segment Assets				
	Prepaid Top-up \$	Software Solutions \$	Corporate/ unallocated \$	Total \$
2009				
Segment assets	23,884,306	44,074	452,206	24,380,586
Segment asset increases for the period:				
- capital expenditure	86,064	-	-	86,064
Total group assets	23,970,370	44,074	452,206	24,466,650
2008				
Segment assets	28,993,307	11,027	1,915,780	30,920,114
Segment asset increases for the period:				
- capital expenditure	437,757	-	-	437,757
Total group assets	29,431,064	11,027	1,915,780	31,357,871

(iii) Segment Liabilities				
	Prepaid Top-up \$	Software Solutions \$	Corporate/ unallocated \$	Total \$
2009				
Segment liabilities	13,563,399	1,472	649,652	14,214,523
Total group liabilities	13,563,399	1,472	649,652	14,214,523
2008				
Segment liabilities	19,226,952	1,729	1,032,673	20,261,354
Total group liabilities	19,226,952	1,729	1,032,673	20,261,354

(iv) Revenue by geographical region		
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
	2009	2008
	\$	\$
Malaysia	10,374,979	9,985,268
Australia	52,488	226,711
Total revenue	10,427,467	10,211,979
(v) Assets by geographical region		
The location of segment assets is disclosed below by geographical location of the assets:		
	2009	2008
	\$	\$
Malaysia	24,014,444	29,442,091
Australia	452,206	1,915,780
Total Assets	24,466,650	31,357,871

8. Dividends

8.1 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	-	- ¢	- ¢	- ¢

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

+Ordinary securities

Current year	Previous year
- ¢	- ¢

9. NTA backing

	Current year	Previous year
Net tangible asset backing per ordinary security	36 cents*	3.9 cents

* Post consolidation of shares

10. Control gained

10.1 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

11. 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 year	Previous year	Current year	Previous year
e-pay Pakistan (Private) Limited	30%	30%	-	-
Electronic Payment Network (Thailand) Co. Ltd	18%	18%	-	-

12. Foreign entities

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

13.

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

Sign here:



(Director)

Date: 26 Feb 2010

Print name: Jack Tan