

26 August 2011

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 2011

Highlights:

- 0.4% increased in consolidated revenue
- 35.9% decreased in net profit after tax attributable to members
- Core Malaysia business performance impacted by higher costs and margin pressure

Simon Loh, Executive Chairman, said;

“The period under review saw financial performance of 0.4% revenue increased with 35.9% reduction in net profit after tax attributable to members compared to same period last year. The Malaysia operation recorded lower revenue and profit after tax. The key challenges of the business are margin pressure from telco and slow mobile subscribers growth rate.

“The Company managed to continuously reduce finance and depreciation costs with better planning processes in place. However, higher spending on advertisement and promotion and other operating expenses were incurred to retain and grow customers.

“The Board welcomes Singam Sabaratnam to join the Board as non-executive director on 16 February 2011, His experience in developing sales channels would add value to the Group operations.”

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

| Results for announcement to the market | Six months period ended 30 June 2011 \$ | Change % |
|---|--|---------------------|
| 1.1 Revenue | 5,062,495 | 0.4 |
| 1.2 EBITDA (Earnings before finance costs, depreciation and tax) | 1,641,964 | -30.0 |
| 1.3 Profit after Income Tax | 1,248,263 | -29.1 |
| 1.4 Net profit after tax attributable to members | 653,772 | -35.9 |
| 1.5 Basic earning per share | 1.15 cents | -67.9 |
| 1.6 Diluted earning per share | 1.15 cents | -67.9 |
| 1.7 Dividend | - | - |
| 1.8 Net tangible assets per share | 28 cents | 3.7 |

e-pay Asia Limited ABN 99 089 227 887
Interim Report - 30 June 2011

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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 2010 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 2011

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 2011.

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
Singam Sabaratnam (Appointed on 16 February 2011)

Review of operations

Management continues in pursuing operation strategies recommended by external consultant and continued commitment to efficient utilisation of assets and cash management. The management is introducing "hassle free" solutions to retailers to expand its distribution channels with improved technology and devices.

The Group's operating cash flow was -\$6.8m (2010: \$3.2m) and cash balance stood at \$6.9m (Dec 2010: \$12.2m). The negative operating cash flow mainly resulted from higher inventories purchased and lower trade payables.

The Group revenue was \$5.0m (2010: \$5.0m) with EBITDA of \$1.6m (2010: \$2.3m). The lower EBITDA was impacted by higher operating costs to retain and enhance stickiness of customers through more aggressive promotional and sales recruitment activities. Net profit after tax attributable to members was \$0.7m (2010: \$1.0m). Diluted earnings per share were 1.15 cents (2010: 3.58 cents).

e-pay Malaysia

Malaysia's mobile penetration rate reached 123.5% by June 2011 with an approximate population of 29m. The Company's focus is to bring in additional value added services like bill payments to compensate slower growth in mobile subscribers and is in the process of negotiation to sign up more billers. However, efforts are needed to create awareness, to educate and attract customers to pay bills at the Company channels. Hence, the contributions from all these new billers would not be significant in the immediate future.

To maintain competitive advantage, the Company introduced "hassle free" solutions featuring better technology and devices to provide a more user friendly operating environment for the retailers. This also includes better customer backend support and service turnaround time.

e-pay Asia Limited ABN 99 089 227 887
Directors' Report
30 June 2011

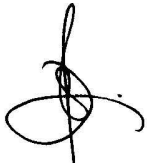
Outlook

The Company will continue to enhance its system and product offering and expand its footprint.

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 2011.

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



.....
Simon Loh

Dated this 26 of August 2011

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 2011 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.

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, Sydney, NSW 2000



DREW TOWNSEND
Partner
Date: 26 August 2011

SYDNEY

Level 29
St Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
Fx: (618) 9489 2562

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

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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 2011

| | Note | Consolidated Group | |
|--|------|--------------------|------------------|
| | | 30 June 2011 | 30 June 2010 |
| | | \$ | \$ |
| Revenue | | 5,062,495 | 5,040,016 |
| Other income | | 15,791 | 219,500 |
| Employee benefits expense | | (1,680,146) | (1,717,168) |
| Advertising and promotion expenses | | (733,450) | (223,898) |
| Accommodation and travelling expenses | | (92,568) | (88,048) |
| Telephone and utility charges | | (217,061) | (226,203) |
| Professional and consultancy fees | | (98,304) | (219,123) |
| Operating lease rentals | | (93,641) | (87,499) |
| Terminal installation and maintenance fees | | (68,930) | (74,466) |
| Other operating expenses | | (452,222) | (277,259) |
| Profit before finance costs, depreciation, and income tax | | 1,641,964 | 2,345,852 |
| Finance costs | | (40,646) | (100,010) |
| Impairment of plant and equipment | | (1,273) | - |
| Depreciation and amortisation expenses | | (332,678) | (431,511) |
| Profit before income tax | | 1,267,367 | 1,814,331 |
| Income tax expense | | (19,104) | (54,395) |
| Net profit for the half-year | | 1,248,263 | 1,759,936 |
| Other comprehensive income after income tax: | | | |
| Exchange (loss)/gain on translating foreign controlled entities | | (409,174) | 1,087,150 |
| Other comprehensive (loss)/income for the half-year, net of tax | | (409,174) | 1,087,150 |
| Total comprehensive income for the half-year | | 839,089 | 2,847,086 |
| Profit attributed to: | | | |
| Members of the parent entity | | 653,772 | 1,020,197 |
| Non-controlling interests | | 594,491 | 739,739 |
| | | 1,248,263 | 1,759,936 |
| Total comprehensive income attributed to: | | | |
| Members of the parent entity | | 405,060 | 1,678,379 |
| Non-controlling interests | | 434,029 | 1,168,707 |
| | | 839,089 | 2,847,086 |
| Earnings per share: | | | |
| Basic earnings per share (cents) | | 1.15 cents | 3.58 cents |
| Diluted earnings per share (cents) | | 1.15 cents | 3.58 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 2011

| | | Consolidated Group | |
|--------------------------------------|-------------|---------------------------|-------------------------|
| | Note | 30 June 2011 | 31 December 2010 |
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 6,894,503 | 12,211,750 |
| Trade and other receivables | | 3,043,774 | 3,276,806 |
| Prepaid airtime top-ups | | 18,010,608 | 15,062,333 |
| Other current assets | | 81,952 | 54,632 |
| TOTAL CURRENT ASSETS | | 28,030,837 | 30,605,521 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 1,244,166 | 1,039,395 |
| Intangible assets | | 37,736 | 58,341 |
| Financial assets | | 24,932 | 25,696 |
| TOTAL NON-CURRENT ASSETS | | 1,306,834 | 1,123,432 |
| TOTAL ASSETS | 2 (ii) | 29,337,671 | 31,728,953 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 7,302,587 | 12,462,135 |
| Borrowings | | 5,775,209 | 3,861,967 |
| TOTAL CURRENT LIABILITIES | | 13,077,796 | 16,324,102 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | | 98,359 | 79,004 |
| Deferred tax liabilities | | 111,636 | 115,056 |
| TOTAL NON-CURRENT LIABILITIES | | 209,995 | 194,060 |
| TOTAL LIABILITIES | 2 (iii) | 13,287,791 | 16,518,162 |
| NET ASSETS | | 16,049,880 | 15,210,791 |
| EQUITY | | | |
| Issued capital | | 14,607,663 | 14,607,663 |
| Reserves | | 339,114 | 587,826 |
| Retained losses | | (4,264,734) | (4,918,506) |
| Parent entity interest | | 10,682,043 | 10,276,983 |
| Non-controlling interests | | 5,367,837 | 4,933,808 |
| TOTAL EQUITY | | 16,049,880 | 15,210,791 |

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 2011

| | Share Capital | | | Retained Losses | Options Reserve | Financial Assets Reserve | Non-Controlling Interests | Foreign Currency Translation Reserve | Total |
|---|----------------------|---------------------|--|--------------------|------------------|--------------------------|---------------------------|--------------------------------------|-------------------|
| | Ordinary shares | Equity contribution | Conversion rights on convertible notes | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 January 2011 | 14,018,363 | 451,000 | 138,300 | (4,918,506) | 1,535,374 | - | 4,933,808 | (947,548) | 15,210,791 |
| Profit attributable to members of the parent entity | - | - | - | 653,772 | - | - | - | - | 653,772 |
| Profit attributable to non-controlling interest | - | - | - | - | - | - | 594,491 | - | 594,491 |
| Total other comprehensive income for the half-year | - | - | - | - | - | - | (160,462) | (248,712) | (409,174) |
| Balance at 30 June 2011 | 14,018,363 | 451,000 | 138,300 | (4,264,734) | 1,535,374 | - | 5,367,837 | (1,196,260) | 16,049,880 |
| Balance at 1 January 2010 | 11,574,387 | 451,000 | 138,300 | (6,617,427) | 1,535,374 | (64,307) | 3,919,708 | (684,908) | 10,252,127 |
| Liability settled by issue of equity | 60,000 | - | - | - | - | - | - | - | 60,000 |
| Profit attributable to members of the parent entity | - | - | - | 1,020,197 | - | - | - | - | 1,020,197 |
| Profit attributable to non-controlling interest | - | - | - | - | - | - | 739,739 | - | 739,739 |
| Transfer to retained losses from financial assets reserve | - | - | - | (64,307) | - | 64,307 | - | - | - |
| Total other comprehensive income for the half-year | - | - | - | - | - | - | 428,968 | 658,182 | 1,087,150 |
| Balance at 30 June 2010 | 11,634,387 | 451,000 | 138,300 | (5,661,537) | 1,535,374 | - | 5,088,415 | (26,726) | 13,159,213 |

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 2011

| | Note | Consolidated Group | |
|---|------|-----------------------------|-----------------------------|
| | | 30 June 2011 | 30 June 2010 |
| | | \$ | \$ |
| CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 258,307,221 | 306,479,538 |
| Payments to suppliers and employees | | (265,087,386) | (303,244,174) |
| Interest received | | 98,675 | 52,943 |
| Finance costs | | (40,777) | (91,357) |
| Income tax paid | | (31,841) | (33,998) |
| | | <u> </u> | <u> </u> |
| Net cash (used in)/provided by operating activities | | <u>(6,754,108)</u> | <u>3,162,952</u> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | | |
| Proceeds from disposal of plant and equipment | | 15,027 | 1,020 |
| Proceeds from disposal of quoted investment | | - | 148,838 |
| Payments for plant and equipment | | (505,605) | (234,406) |
| | | <u> </u> | <u> </u> |
| Net cash used in investing activities | | <u>(490,578)</u> | <u>(84,548)</u> |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | | | |
| Drawdowns/(Repayments) of borrowings | | 2,069,600 | (2,719,760) |
| | | <u> </u> | <u> </u> |
| Net cash from/(used in) financing activities | | <u>2,069,600</u> | <u>(2,719,760)</u> |
| Net (decrease)/increase in cash held | | (5,175,086) | 358,644 |
| Cash and cash equivalents at beginning of financial period | | 12,211,750 | 7,723,220 |
| Effect on exchange rates on cash holdings in foreign currencies | | (142,161) | 764,092 |
| | | <u> </u> | <u> </u> |
| Cash and cash equivalents at end of financial period | 3 | <u>6,894,503</u> | <u>8,845,956</u> |

The accompanying notes form part of these financial statements.

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

Note 1: Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2011 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 2010, 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.

New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period

For the half-year reporting period to 30 June 2011, a number of new and revised accounting standard requirements became mandatory for the first time. A discussion of these new and revised requirements and their impact on the Group is provided below.

- AASB 2009–5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

The amendments to some Australian Accounting Standards arising from AASB 2009–5 result in accounting changes for presentation, recognition or measurement purposes, while some amendments relate to terminology and editorial changes that have little or no effect on the relevant accounting requirements. A summary of the main reporting changes arising from AASB 2009–5 is provided below.

AASB 5: Non-current Assets Held for Sale and Discontinued Operations specifies all of the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations unless another Standard specifically requires:

- disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
- disclosures about the measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of AASB 5 and such disclosures are not provided elsewhere in the financial statements.

AASB 8: Operating Segments states that an entity is only required to report a measure of total assets for each reportable segment if such information is regularly provided to the chief operating decision maker. (Previously entities were required to report a measure of total assets for each reportable segment, irrespective of whether such amounts were regularly provided to the chief operating decision maker.)

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

Note 1: Basis of preparation (continued)

AASB 101: Presentation of Financial Statements clarifies that the classification of a (current) liability for which the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date is not affected by the existence of any terms that could, at the option of the counterparty, result in the settlement of the liability by the issue of equity instruments by the entity.

AASB 107: Statement of Cash Flows clarifies that only expenditures that result in a recognised asset in the statement of financial position would be classified as cash flows from investing activities in the statement of cash flows.

AASB 117: Leases states that when a lease includes both land and building components, each component is required to be separately assessed as either an operating or finance lease in accordance with the criteria in AASB 117.

AASB 118: Revenue now includes an additional example to assist with determining whether an entity is acting as a principal or as an agent.

AASB 136: Impairment of Assets clarifies that when allocating goodwill to a cash generating unit (CGU) or group of CGUs, each CGU or group of CGUs must:

- represent the lowest level within the entity at which goodwill is monitored for internal management purposes; or
- not be larger than an operating segment as per AASB 8 before aggregation for disclosure purposes.

Application of the amendments in AASB 2009–5 did not have a material impact on the financial statements of the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]

AASB 2009–8 amends AASB 2: Share-based Payment to require an entity within a group that receives goods or services in a share-based payment transaction involving another entity in the group to account for those goods or services in its separate financial statements, regardless of which entity in the group settles the transaction and whether the transaction is settled in shares or cash.

AASB 2009–8 also amends AASB 2 to incorporate the requirements previously included in Interpretation 8: Scope of AASB 2 and Interpretation 11: AASB 2 – Group and Treasury Share Transactions in AASB 2. Consequently, Interpretations 8 and 11 are superseded by the amendments in AASB 2009–8 to AASB 2.

Application of the amendments in AASB 2009–8 did not have a material impact on the financial statements of the Group.

- AASB 2009–9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

Note 1: Basis of preparation (continued)

AASB 2009–9 amends AASB 1: First-time Adoption of Australian Accounting Standards to:

- specify accounting requirements for first-time adopters using the full cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets; and
- exempts first-time adopters with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 14: Determining whether an Arrangement contains a Lease when the application of the entity's previous accounting policies would have produced the same outcome.

As the Group has been applying Australian Accounting Standards since 2005, the amendments in AASB 2009–9 did not impact on the financial statements of the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]

AASB 2009–10 amends AASB 132 to clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. It is relevant to note that this approach is contrary to the general principle in AASB 132.

Application of the amendments in AASB 2009–10 did not have a material impact on the financial statements of the Group.

- Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Interpretation 19 clarifies how a debtor would account for the extinguishment of a liability, either fully or partially, through the issue of equity instruments (a "debt for equity swap").

Under Interpretation 19 entities are required to measure equity instruments issued to a creditor to extinguish all or part of a financial liability at their fair value, unless the fair value cannot be reliably measured. When fair value cannot be reliably measured, the equity instruments would be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid is recognised immediately as a gain or loss and disclosed separately in the profit or loss or in the notes.

When only part of the financial liability is extinguished, the entity assesses whether some of the consideration paid related to a modification of the terms of the liability that remains outstanding. If so, the entity allocates the consideration paid between the part of the liability extinguished and the part of the liability that remains outstanding.

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

Note 1: Basis of preparation (continued)

Application of Interpretation 19 did not have a material impact on the financial statements of the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]

AASB 2009–13 amends AASB 1 to permit first-time adopters to apply the transitional provisions in Interpretation 19 as identified in AASB 1048: Interpretation of Standards.

Application of the amendments in AASB 2009–13 did not have a material impact on the financial statements of the Group.

- AASB 2010–1: Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]

AASB 2010–1 amends AASB 1 and AASB 7: Financial Instruments: Disclosures to permit first-time adopters of Australian Accounting Standards to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with Australian Accounting Standards that are included in AASB 2009–2: Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 and AASB 1038] (issued April 2009).

As the Group has been applying Australian Accounting Standards since 2005, the amendments in AASB 2010–1 did not impact on the financial statements of the Group.

- AASB 2010–3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

A summary of the main reporting changes arising from AASB 2010–3 is provided below.

AASB 3: Business Combinations (revised 2008) clarifies that only those components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the subsidiary's net assets in the event of the subsidiary's liquidation can be measured by the acquirer at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are to be measured by the acquirer at the acquisition date fair values, unless another measurement basis is required by another Australian Accounting Standard.

Note 1: Basis of preparation (continued)

AASB 3: Business Combinations (revised 2008) clarifies that an acquirer measures a liability or an equity instrument related to share-based payment transactions of the acquiree in existence at the date of acquisition in accordance with the method in AASB 2 (“market-based measure”) at the acquisition date. In addition, the Amending Standard clarifies that, in respect to any outstanding share-based payment transactions of the acquiree that the acquirer does not exchange for its share-based payment transactions:

- vested transactions are part of the non-controlling interests in the acquiree and are measured at their market-based measure; and
- unvested transactions are measured at their market-based measure and the measured amount is allocated to the non-controlling interests on the basis of the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period. The balance is allocated to post-combination service.

AASB 3: Business Combinations (revised 2008) clarifies that contingent consideration balances arising from business combinations whose acquisition dates preceded the date when the acquirer first applied AASB 3 (revised 2008) are not to be adjusted upon first application of AASB 3 (revised 2008).

AASB 121: The Effects of Changes in Foreign Exchange Rates, AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures clarify the transition requirements for amendments made to AASB 121, AASB 128 and AASB 131 by AASB 2008–3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project with respect to the treatment of cumulative exchange differences upon the loss of control of a subsidiary, loss of significant influence over an associate, or loss of control over a jointly controlled entity when these entities are foreign operations.

Application of the amendments in AASB 2010–3 did not have a material impact on the financial statements of the Group.

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]

Application of the amendments in AASB 2009–14 did not have a material impact on the financial statements of the Group.

- AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following.

- the definition of a related party is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
 - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

Note 1: Basis of preparation (continued)

- entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
 - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
 - the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a material impact on the financial statements of the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- AASB 7 is amended to add an explicit statement that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- AASB 101 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- AASB 134 is amended by adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- sundry editorial amendments to various Standards and interpretations.

Application of the amendments in AASB 2010–4 did not have a material impact on the financial statements of the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements. Accordingly, application of the amendments in AASB 2010–5 did not have a material impact on the financial statements of the Group.

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.

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 2011

Note 2: Operating Segments (continued)

(i) Segment performance

| | Prepaid Top-up | Software Solutions | Corporate/ unallocated | Total |
|--|---------------------------|-------------------------------|-----------------------------------|------------------|
| Six months ended 30 June 2011 | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| External sales | 4,829,642 | 547 | - | 4,830,189 |
| Interest revenue | 61,220 | - | 37,455 | 98,675 |
| Other revenue | 149,422 | - | - | 149,422 |
| Total segment revenue | 5,040,284 | 547 | 37,455 | 5,078,286 |

Reconciliation of segment results to group profit before tax

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

| | | | | |
|---|------------------|------------------|------------------|------------------|
| - Depreciation and amortisation | (326,230) | (6,448) | - | (332,678) |
| - Finance costs | (40,646) | - | - | (40,646) |
| - Others | (3,027,464) | (118,806) | (291,325) | (3,437,595) |
| Net profit before tax from continuing operations | 1,645,944 | (124,707) | (253,870) | 1,267,367 |

| | Prepaid Top-up | Software Solutions | Corporate/ unallocated | Total |
|--|---------------------------|-------------------------------|-----------------------------------|------------------|
| Six months ended 30 June 2010 | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| External sales | 4,977,162 | 8,911 | - | 4,986,073 |
| Interest revenue | 47,075 | - | 6,868 | 53,943 |
| Other revenue | 181,355 | - | 38,145 | 219,500 |
| Total segment revenue | 5,205,592 | 8,911 | 45,013 | 5,259,516 |

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) | (230,854) | (2,913,664) |
| Net profit before tax from continuing operations | 2,095,134 | (94,055) | (186,748) | 1,814,331 |

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

Note 2: Operating Segments (continued)

(ii) Segment Assets

| | Prepaid Top-up \$ | Software Solutions \$ | Corporate/ unallocated \$ | Total \$ |
|---|-------------------------|-----------------------------|---------------------------------|-------------------|
| 30 June 2011 | | | | |
| Segment assets | 26,901,080 | 72,267 | 1,807,775 | 28,781,122 |
| Segment asset increases for the period: | | | | |
| - capital expenditure | 552,473 | 4,076 | - | 556,549 |
| Total group assets | 27,453,553 | 76,343 | 1,807,775 | 29,337,671 |
| 31 December 2010 | | | | |
| Segment assets | 28,919,464 | 58,734 | 2,019,293 | 30,997,491 |
| Segment asset increases for the period: | | | | |
| - capital expenditure | 697,231 | 34,231 | - | 731,462 |
| Total group assets | 29,616,695 | 92,965 | 2,019,293 | 31,728,953 |

(iii) Segment Liabilities

| | Prepaid Top-up \$ | Software Solutions \$ | Corporate/ unallocated \$ | Total \$ |
|--------------------------------|-------------------------|-----------------------------|---------------------------------|-------------------|
| 30 June 2011 | | | | |
| Segment liabilities | 12,877,804 | 361 | 409,626 | 13,287,791 |
| Total group liabilities | 12,877,804 | 361 | 409,626 | 13,287,791 |
| 31 December 2010 | | | | |
| Segment liabilities | 16,102,979 | 13,457 | 401,726 | 16,518,162 |
| Total group liabilities | 16,102,979 | 13,457 | 401,726 | 16,518,162 |

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

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:

| | For the six months ended 30 June 2011 | For the six months ended 30 June 2010 |
|----------------------|--|--|
| | \$ | \$ |
| Malaysia | 5,040,831 | 5,214,503 |
| Australia | 37,455 | 45,013 |
| Total revenue | 5,078,286 | 5,259,516 |

(v) Assets by geographical region

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

| | Balance as at 30 June 2011 | Balance as at 31 December 2010 |
|---------------------|---------------------------------------|---|
| | \$ | \$ |
| Malaysia | 27,529,896 | 29,709,660 |
| Australia | 1,807,775 | 2,019,293 |
| Total Assets | 29,337,671 | 31,728,953 |

Note 3: Cash and Cash Equivalents

| | Balance as at 30 June 2011 | Balance as at 31 December 2010 |
|--------------------------|---------------------------------------|---|
| | \$ | \$ |
| Cash at bank and in hand | 1,563,726 | 5,891,298 |
| Term deposits | 5,330,777 | 6,320,452 |
| | a) | |
| | b) | |
| | 6,894,503 | 12,211,750 |

a) Included in term deposits are deposits amounting to \$3,685,759 (31 December 2010 : \$4,460,430) pledged to the Group's bankers as security for credit facilities granted to the Group.

b) Reconciliation of Cash

| | Balance as at 30 June 2011 | Balance as at 31 December 2010 |
|---------------------------|---------------------------------------|---|
| | \$ | \$ |
| Cash and cash equivalents | 6,894,503 | 12,211,750 |
| | 6,894,503 | 12,211,750 |

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

Note 4: Contingent Liabilities

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

Note 5: Subsequent Events

Sale of Business

The Company announced on 22 July 2011 that Tobikiri Capital Ltd increased the purchase consideration for the sale of its operating subsidiaries that hold the Companies telecom businesses to \$10 million.

On 26 July 2011, the Company announced that it has received further indicative offer from Euronet Worldwide Inc of \$11.5 million.

At present, the directors are seeking independent advice in relation to the conditional offer by Euronet and the unconditional offer by Tobikiri.

e-pay Asia Limited ABN 99 089 227 887 and Controlled Entities
Notes to the Financial Statements for the half year ended 30 June 2011

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 19 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 2011 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 2011

**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 2011, 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 of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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.

SYDNEY

Level 29
51 Marlin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
Fx: (618) 9489 2562

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

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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

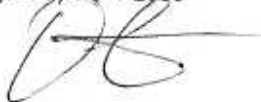
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

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 2011 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
Level 29
31 Market Street
Sydney NSW 2000



DREW TOWNSEND
PARTNER

Date 26 August 2011