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News Release

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**ESI ENTERTAINMENT SYSTEMS INC ANNOUNCES
FISCAL 2010 SECOND QUARTER FINANCIAL RESULTS**

BURNABY, B.C. October 29, 2009- ESI Entertainment Systems Inc. ("ESI" or the "Company") (CNSX: ESY) reported today its financial results (unaudited) for fiscal Q2 2010 ended August 31, 2009. (All dollar amounts reported in Canadian funds)

Consolidated financial highlights for the quarter include:

- Revenues increased by 14% to \$952,000 from \$834,000 during the last quarter.
- Gross profit margin increased to 37% from 19% during the prior three month period.
- Operating expenses decreased by \$100,000 from the last quarter.
- Net loss before income taxes decreased by 65% to \$535,000 from a net loss before income tax of \$1.5 million during the same period in fiscal 2009.

Our financial results were mainly driven by efforts being made during the Second Quarter to reduce direct and operating expenses whilst at the same time working to expand the business base of ESI Integrity and rebuild the business of Citadel Commerce.

During the second quarter of fiscal 2010 we maintained a steady growth while holding our costs to a minimum and building our customer base to allow us to work for future accelerated growth. Our team of employees and our Board continued to work well together with skill and dedication and many have accepted additional workloads to accommodate the growing business while holding down our costs.

Our second quarter occurs during the off-peak summer season and we traditionally can experience a slowing of revenues. However both subsidiaries have improved their performance over the previous year and both have invested in future opportunities that we will work to fulfill during the coming months.

Financial Review

Total revenue increased by 28% to \$952,000 for the three months ended August 31, 2009 from \$742,000 for the three months ended August 31, 2008.

Product development expenses were \$59,580 and \$122,888 during the three and six months ended August 31, 2009 respectively, a decrease of 34% and 41% respectively compared to \$91,129 and \$207,778 for the three and six months ended August 31, 2008.

Sales, marketing and customer service expenses were \$37,954 and \$78,279 during the three and six months ended August 31, 2009 respectively, a decrease of 82% and 84% respectively compared to \$211,243 and \$476,843 for the three and six months ended August 31, 2008.

General and administrative expenses were \$594,803 and \$1,270,538 during the three and six months ended August 31, 2009 respectively, representing a decrease of 43% and 36% compared to \$1,047,170 and \$1,972,218 for the three months and six months ended August 31, 2008. This reduction is due to the Company's ongoing efforts to minimize its operating expenses.

Amortization expenses were \$59,276 and \$131,502 during the three month and six month periods ended August 31, 2009, respectively, a decrease of 52% and 55% compared to \$124,742 and \$294,127 for the corresponding periods ended August 31, 2008. The decrease in amortization expense mainly relates to very few new assets being purchased and amortization being reduced on older equipment.

Net loss for the three and six month periods ended August 31, 2009 were \$535,677 (\$0.04 net loss per share) and \$1,057,800 (\$0.07 net loss per share), respectively, compared to net loss of \$1,546,737 (\$0.08 net loss per share) and \$2,859,097 (\$0.15 net loss per share) for the prior comparative periods.

Citadel processing accounts as at August 31, 2009 totaled \$5.6 million compared to \$2.9 million as at February 28, 2009. These accounts are comprised of cash, which are segregated bank funds arising from the processing of deposits and payments for Citadel merchants and consumers, and accounts receivable relating to Citadel processing accounts for funds in transit from merchants and consumers.

Consolidated Balance Sheets

(expressed in Canadian dollars)
(unaudited)

	August 31, 2009 (unaudited)	February 28, 2009 (audited)
Assets		
Cash and cash equivalents	\$ 134,954	\$ 909,785
Accounts receivable	536,220	1,100,023
Prepays	171,793	106,513
	<u>842,967</u>	<u>2,116,321</u>
Citadel processing accounts (Note 3)	5,596,527	2,958,565
Property and equipment (Note 4)	144,021	280,725
Deferred contract costs	632,790	696,234
	<u>\$ 7,216,305</u>	<u>\$ 6,051,845</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 1,079,162	\$ 1,049,700
Loan Payable (Note 9)	2,209,108	2,564,704
Capital lease obligations	4,515	30,684
Deferred revenue	700,697	535,667
	<u>3,993,482</u>	<u>4,180,755</u>
Citadel processing liabilities (Note 3)	5,596,527	2,958,565
Deferred revenue	1,095,963	1,324,392
	<u>10,685,972</u>	<u>8,463,712</u>
Shareholders' Equity		
Capital stock (Note 5)	9,957,959	9,957,959
Contributed surplus	4,328,885	4,328,885
Deficit	(17,756,511)	(16,698,711)
	<u>(3,469,667)</u>	<u>(2,411,867)</u>
	<u>\$ 7,216,305</u>	<u>\$ 6,051,845</u>

Consolidated Statements of Operations and Comprehensive Income (Deficit) and Retained Earnings

(expressed in Canadian dollars)

(unaudited)	Three Months Ended August 31,		Six Months Ended August 31,	
	2009	2008	2009	2008
Revenues (Note 4)	\$ 952,271	\$ 742,294	\$ 1,786,262	\$ 1,611,682
Direct costs	<u>597,289</u>	<u>801,870</u>	<u>1,271,526</u>	<u>1,509,562</u>
Gross profit	<u>354,982</u>	<u>(59,576)</u>	<u>514,736</u>	<u>102,120</u>
Operating expenses				
Product development	59,580	91,129	122,888	207,778
Sales, marketing and customer service	37,954	211,243	78,279	476,843
General and administrative	594,803	1,047,170	1,270,538	1,972,218
Amortization of property and equipment	59,276	124,742	131,502	294,127
	<u>751,613</u>	<u>1,474,284</u>	<u>1,603,207</u>	<u>2,950,966</u>
(Loss) Earnings before under noted items	(396,631)	(1,533,860)	(1,088,471)	(2,848,846)
Other expenses (income)				
Foreign exchange loss (gain)	118,671	123	(96,674)	5,883
Interest income	(19,510)	(13,254)	(20,200)	(28,205)
Interest expense	39,885	24,301	86,203	30,866
	<u>(535,677)</u>	<u>(1,545,030)</u>	<u>(1,057,800)</u>	<u>(2,857,390)</u>
(Loss) Earnings before income taxes and non-controlling interest	<u>(535,677)</u>	<u>(1,545,030)</u>	<u>(1,057,800)</u>	<u>(2,857,390)</u>
Provision for income taxes				
Current	<u>-</u>	<u>1,707</u>	<u>-</u>	<u>1,707</u>
	<u>-</u>	<u>1,707</u>	<u>-</u>	<u>1,707</u>
Net (Loss) Earnings and comprehensive (Loss) Earnings	<u>\$ (535,677)</u>	<u>\$ (1,546,737)</u>	<u>\$ (1,057,800)</u>	<u>\$ (2,859,097)</u>
(Loss) Earnings per share (Note 7)				
Basic	\$ (0.04)	\$ (0.08)	\$ (0.07)	\$ (0.15)
Retained earnings (deficit), beginning of period	\$ (17,220,834)	\$ (12,942,545)	\$ (16,698,711)	\$ (11,630,185)
Net (Loss) Earnings	<u>(535,677)</u>	<u>(1,546,737)</u>	<u>(1,057,800)</u>	<u>(2,859,097)</u>
Retained earnings (deficit), end of period	<u>\$ (17,756,511)</u>	<u>\$ (14,489,282)</u>	<u>\$ (17,756,511)</u>	<u>\$ (14,489,282)</u>

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)	Three Months Ended August 31,		Six Months Ended August 31,	
	2009	2008	2009	2008
Cash flows provided by (used in)				
Operating activities				
Net (Loss) Earnings	\$ (535,677)	\$ (1,546,737)	\$ (1,057,800)	\$ (2,859,098)
Items not affecting cash:				
Amortization of property and equipment	59,276	124,742	131,502	294,127
Impairment of intangibles and other assets	-	(34,746)	-	(34,746)
Future income taxes	-	1,707	-	1,707
Net changes in non-cash operating items:				
Accounts receivable	852,300	72,514	563,803	294,462
Prepays	(89,828)	(96,219)	(65,280)	(228,835)
Allowance for bad debts	-	-	-	(310,608)
Accounts payable and accrued liabilities	(194,807)	(38,730)	29,462	(103,107)
Deferred revenue	(80,058)	(12,430)	(63,399)	33,425
Deferred contract costs	55,636	34,775	63,444	(60,796)
	<u>66,842</u>	<u>(1,495,124)</u>	<u>(398,268)</u>	<u>(2,973,469)</u>
Investing activities				
Acquisition of property and equipment	<u>12,854</u>	<u>-</u>	<u>5,202</u>	<u>-</u>
	<u>12,854</u>	<u>-</u>	<u>5,202</u>	<u>-</u>
Financing activities				
Loan payable	(24,992)	2,068,480	(355,596)	2,068,480
Capital lease payments	<u>(13,279)</u>	<u>(55,044)</u>	<u>(26,169)</u>	<u>(148,931)</u>
	<u>(38,271)</u>	<u>2,013,436</u>	<u>(381,765)</u>	<u>1,919,549</u>
Increase (decrease) in cash and cash equivalents	41,425	518,311	(774,831)	(1,053,920)
Cash and cash equivalents, beginning of period	<u>93,529</u>	<u>1,470,232</u>	<u>909,785</u>	<u>3,042,463</u>
Cash and cash equivalents, end of period	<u>\$ 134,954</u>	<u>\$ 1,988,543</u>	<u>\$ 134,954</u>	<u>\$ 1,988,543</u>
Supplemental information				
Interest received	\$ 19,510	\$ 13,254	\$ 20,200	\$ 28,204
Interest paid	39,885	24,301	86,203	30,515

About ESI Entertainment Systems Inc.

ESI Entertainment Systems Inc (CNSX: ESY) is an idea generation and software development company. We develop concepts, create prototypes, establish partnerships and validate potential markets. When we have proven a product and its opportunities we create subsidiaries with a dedicated team, infrastructure, and resources to allow it to focus on building and selling the product to its market niche. Our team of experienced and dedicated people have led us to be revolutionary market leaders in many industries, including e-commerce payment technologies, hardware based input devices, real time auditing systems, transaction processing systems, graphical 3D displays, e-commerce web services, and payment fraud and risk mitigation. Since formation in 1999 ESI Entertainment Systems Inc has created three independently operated and controlled subsidiaries based on validated and proven products: Citadel Commerce Corp., ESI Integrity Inc., and PlayLine Inc. PlayLine Inc. is presently dormant.

Forward looking Statements

This news release may contain forward-looking statements concerning ESI Entertainment Systems Inc, which statements can be identified by the use of forward-looking terminology such as “expect”, “proposed”, “may”, “plan”, “intend”, “will”, “would” or the negative thereof or any other variations thereon or comparable terminology referring to future events or results. Forward-looking statements are statements about the future and are inherently uncertain, and the actual events or results could be materially different than those anticipated in those forward-looking statements as a result of numerous factors discussed more fully in the Company’s Final Prospectus dated March 22, 2006, Annual Information Form and elsewhere in other filings on www.sedar.com. These risks include risks related to revenue growth, operating results, industry growth, changes in regulation and legislation, products, technology, financing, competition, personnel and other factors affecting the Company and its business, any of which could cause actual events or results to vary materially from ESI’s anticipated future results. Forward-looking statements are based on beliefs, opinions and expectations of ESI’s management at the time they are made, and ESI does not assume any obligation to update its forward-looking statements if those beliefs, opinions or expectations, or other circumstances should change.

The Canadian National Stock Exchange does not accept responsibility for this press release.

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