

Form 51-102F3

Material Change Report

1. Name and Address of Company

VendTek Systems Inc. (the “Company”)
Suite 507
1952 Kingsway Avenue
Port Coquitlam, British Columbia
V3C 1S5

2. Date of Material Change

February 24, 2010

3. News Release

A news release dated February 25, 2010 was issued through Marketwire and was filed with regulatory authorities in Canada and published on SEDAR on February 25, 2010.

4. Summary of Material Change

On February 25, 2010, the Company announced that it has filed its audited consolidated financial statements for the year ended October 31, 2008, unaudited consolidated financial statements for each of the quarters ended January 31, 2009, April 30, 2009 and July 31, 2009 and corresponding management discussion and analysis for each of those periods. The audited consolidated financials statements for the year ended October 31, 2008, audited by the Company’s current auditor, KPMG LLP, include restatements of the years ended October 31, 2007 and October 31, 2006.

5. Full Description of Material Change

See attached Schedule “A”.

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

No significant facts otherwise required to be disclosed in this report have been omitted.

8. Executive Officer

The following executive officer of the Company is knowledgeable about the material change and may be contacted by any of the Securities Commissions in respect to the change:

Nurez Khimji
Chief Financial Officer
604-944-6999 x606

9. Date of Report

March 5, 2010

SCHEDULE "A"

NEWS RELEASE

FOR IMMEDIATE RELEASE

TSX Venture Exchange: VSI

VENDTEK SYSTEMS FILES 2009 QUARTERLY FINANCIAL STATEMENTS, 2008 ANNUAL FINANCIAL STATEMENTS, AND RESTATED 2007 AND 2006 ANNUAL FINANCIAL STATEMENTS

VANCOUVER - February 25, 2010 - VendTek Systems Inc. (VSI - TSX Venture) (the "Company"), a developer and licensor of software for the global prepaid and financial services markets, today announced that it has completed filing its audited consolidated financial statements for the year ended October 31, 2008, unaudited consolidated financial statements for each of the quarters ended January 31, 2009, April 30, 2009 and July 31, 2009 and corresponding management discussion and analysis for each of those periods (the "Financial Statements"). The audited consolidated financials statements for the year ended October 31, 2008, audited by the Company's current auditor, KPMG LLP, include restatements of the years ended October 31, 2007 and October 31, 2006. This press release contains certain selected financial information.

The Company today also issued a separate press release reviewing selected operational information for fiscal 2009. Complete copies of the Financial Statements and related Management Discussion and Analysis for the above noted periods may be found at www.sedar.com and on the Company's website www.vendteksys.com.

"Fulfilling our outstanding filing obligations is an important step forward and one of the last hurdles we need to clear prior to the resumption of the trading in our shares," said Doug Buchanan, President and Chief Executive Officer of VendTek. "Our twin guiding principles through the restatement process were the need to have accurate financial reporting, both past and future, and the desire to complete the exercise as quickly as possible. Working in concert, our board and management team conducted a thorough review encompassing investigation by an independent third party and the re-audit of multiple years of financials. Following the lengthy but comprehensive process, we implemented a full array of enhanced financial reporting procedures and controls as well as enhanced corporate governance practices to minimize the likelihood of future accounting issues. Despite the one-time costs, more than \$500,000 as reported in our year-to-date financials, the Company's cash position improved over the last year, leaving us well positioned to act on a range of emerging opportunities, particularly higher margin international initiatives, that we built on throughout 2009 with an eye to driving long term growth."

Management of the Company along with the Audit Committee have been tasked with preparing an implementation plan for the remedial actions adopted by the Board of Directors as set out below and the full Board will be monitoring implementation:

a) Board Structure:

- restructure board composition so that there will ultimately be only one non-independent/management director
- added directors to the Board and the Audit Committee with additional financial statement expertise and appointed a new Chair of the Audit Committee from the new directors
- rotate the Chairmanship of the Audit and Compensation Committees every 3 years
- enhanced board education programs

b) Board Oversight:

- implement new budget approval processes and enhanced board oversight of monthly and quarterly financial reporting
- conduct a review of management compensation plans to allow for an appropriate balance of profit and non-profit based metrics
- enhanced annual reviews of senior management by Compensation Committee and full Board

c) Management Oversight:

- enhanced multi-executive review of periodic financial statements and financial metrics
- enhanced reporting to internal management of financial results
- enhanced periodic inventory continuity and reconciliation measures

d) Internal Controls/Infrastructure

- hiring of additional internal accounting/finance staff
- changes to the IT accounting systems and improvements to the integration of the accounting system with other automated IT systems of the Company
- enhanced internal controls relating to independent review of reporting and authorizations

VendTek has applied to both the British Columbia Securities Commission and Alberta Securities Commission for a revocation of the cease trade order previously in effect against the Company. The Company will also need to apply to the TSX Venture Exchange to request that its shares resume trading. The Company will provide updates on the status of this application as they become available.

Fiscal 2009 Year to Date Financial Results and Review

Consolidated balance sheet as at July 31, 2009

(Unaudited)

(Expressed in Canadian dollars)

	July 31, 2009	October 31, 2008
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash	\$ 2,445,318	\$ 2,102,666
Accounts receivable	2,518,639	2,851,942
Income tax recoverable	618,373	183,473
Inventories	2,769,295	2,934,249
Prepaid expenses and deposits	140,635	60,109
Future income tax asset	-	-
	8,492,260	8,132,438
Equipment	747,478	917,296
Intangible assets	252,683	321,848
Goodwill	907,342	907,342
	\$ 10,399,763	\$ 10,278,924
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,776,118	\$ 6,376,818
Current portion of capital lease obligations	32,871	43,952
	6,808,989	6,420,770
Capital lease obligations	8,392	22,281
	6,817,381	6,443,051
Shareholders' equity:		
Share capital	8,344,732	8,344,732
Contributed surplus	2,209,766	2,117,835
Accumulated deficit	(6,972,116)	(6,626,694)
	3,582,382	3,835,873
	\$ 10,399,763	\$ 10,278,924

Consolidated Statements of Operations and Accumulated Deficit for the periods ended July 31, 2009
(Unaudited)
(Expressed in Canadian dollars)

	<u>Three months ended July 31,</u>		<u>Nine months ended July 31,</u>	
	2009	2008	2009	2008
		(Restated)		(Restated)
		(Restated)		(Restated)
Revenues:				
Prepaid telecommunication	\$ 31,980,881	\$ 32,456,401	\$ 90,840,639	\$ 89,512,821
Hardware and equipment	11,909	18,958	52,384	56,199
Software license and services	297,859	298,592	1,045,115	791,782
	32,290,649	32,773,951	91,938,138	90,360,802
Cost of revenues:				
Prepaid telecommunication	30,739,488	31,048,918	87,362,135	85,365,390
Hardware and equipment	-	11,557	879	49,195
	30,739,488	31,060,475	87,363,014	85,414,585
	1,551,161	1,713,476	4,575,124	4,946,217
Operating expenses:				
General and administrative	878,586	1,116,873	2,914,813	3,376,680
Selling and marketing	168,620	219,227	533,169	561,653
Research and development	194,680	128,613	590,578	390,209
Restatement costs	244,744	-	510,314	-
Amortization	103,689	134,234	306,832	339,694
Interest expense	1,883	30,539	7,454	73,550
Foreign exchange loss (gain)	50,875	(8,558)	57,386	(18,105)
	1,643,077	1,620,928	4,920,546	4,723,681
Net earnings (loss) and comprehensive income (loss) for the period	(91,916)	92,548	(345,422)	222,536
Deficit, beginning of period	(6,880,200)	(6,721,026)	(6,626,694)	(6,851,014)
Deficit, end of period	\$ (6,972,116)	\$ (6,628,478)	\$ (6,972,116)	\$ (6,628,478)
Basic and diluted earnings (loss) per share:	\$ (0.00)	\$ 0.00	\$ (0.01)	\$ 0.00
Weighted average shares outstanding:				
Basic	45,243,629	44,700,872	45,243,629	44,700,872
Diluted	45,243,629	48,352,047	45,243,629	48,352,047

Consolidated Statements of Operations and Accumulated Deficit for the periods ended April 30, 2009
(Unaudited)
(Expressed in Canadian dollars)

	<u>Three months ended April 30,</u>		<u>Six months ended April 30,</u>	
	2009	2008 (Restated)	2009	2008 (Restated)
Revenues:				
Prepaid telecommunication	\$ 28,935,759	\$ 28,561,355	\$ 58,859,758	\$ 57,056,420
Hardware and equipment	21,537	15,728	40,475	37,241
Software license and services	361,256	267,152	747,256	493,190
	29,318,552	28,844,235	59,647,489	57,586,851
Cost of revenues:				
Prepaid telecommunication	27,809,050	27,125,599	56,622,647	54,316,472
Hardware and equipment	9	18,529	879	37,638
	27,809,059	27,144,128	56,623,526	54,354,110
	1,509,493	1,700,107	3,023,963	3,232,741
Operating expenses:				
General and administrative	843,450	1,088,614	2,036,228	2,259,807
Selling and marketing	203,191	189,075	364,549	342,426
Research and development	191,626	136,813	395,898	261,596
Restatement costs	265,569	-	265,569	-
Amortization	102,675	110,795	203,143	205,460
Interest expense	1,670	17,720	5,571	43,011
Foreign exchange (gain) loss	(992)	16,510	6,511	(9,547)
	1,607,189	1,559,527	3,277,469	3,102,753
Net earnings (loss) and comprehensive earnings (loss) for the period	(97,696)	140,580	(253,506)	129,988
Deficit, beginning of period	(6,782,504)	(6,861,606)	(6,626,694)	(6,851,014)
Deficit, end of period	\$ (6,880,200)	\$ (6,721,026)	\$ (6,880,200)	\$ (6,721,026)
Basic and diluted earnings (loss) per share	\$ (0.00)	\$ 0.00	\$ (0.01)	\$ 0.00
Weighted average shares outstanding:				
Basic	45,126,826	44,524,532	45,126,826	44,524,532
Diluted	45,126,826	48,638,946	45,126,826	48,638,946

Consolidated Statements of Operations and Accumulated Deficit for the period ended January 31, 2009
(expressed in Canadian dollars)
(Unaudited)

For the three months ended January 31, 2009 and 2008

	2009	2008
		(Restated)
Revenues:		
Prepaid telecommunication	\$ 29,923,999	\$ 28,495,065
Hardware and equipment	18,938	21,513
Software license and services	386,000	226,038
	30,328,937	28,742,616
Cost of revenues:		
Prepaid telecommunication	28,813,597	27,190,873
Hardware and equipment	870	19,109
	28,814,467	27,209,982
	1,514,470	1,532,634
Operating expenses:		
General and administrative	1,192,775	1,171,193
Selling and marketing	161,358	153,351
Research and development	204,272	124,783
Amortization	100,468	94,665
Interest expense	3,901	25,291
Foreign Exchange (gain)/loss	7,506	(26,057)
	1,670,280	1,543,226
Net loss and comprehensive loss for the period	(155,810)	(10,592)
Deficit, beginning of period	(6,626,694)	(6,851,014)
Deficit, end of period	\$ (6,782,504)	\$ (6,861,606)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average shares outstanding:		
Basic and Diluted	45,126,826	44,441,175

Review of the nine months ended July 31, 2009 compared with the nine months ended July 31, 2008

Revenue

Revenues for the nine months ended July 31, 2009, increased \$1.577 million to \$91.938 million, or 1.7%, from \$90.361 million for the corresponding period in 2008.

Prepaid telecommunications revenue totalled \$90.841 million for the three quarters ended July 31, 2009, compared with \$89.513 million for same three quarters in 2008. The 1.5% increase is primarily due to ongoing installation of POS terminals across Canada for distribution of virtual prepaid telecommunications vouchers (or PINs) through the Company's distribution network, which includes the customers acquired in the acquisition of GPP. This increase is partly offset by the decrease in hard card sales. Hard card sales were \$2.7 million for the first nine months in 2009 compared to \$6.3 million in 2008. The \$3.6 million decrease is due to the fact that many telephone companies in Canada transitioned away from hard card sales and moved to virtual PINs. Without this decrease in hard card sales, the Company's prepaid telecommunications revenues increased 5% or \$4.9million.

Software and related service revenue increased by \$253,000 (or 32%) to \$1.045 million for the nine months of 2009 from \$792,000 for the same period in 2008.

Hardware revenue for the three quarters of 2009 was \$52,000 compared to \$56,000 in 2008.

Cost of Revenues

Cost of revenues for the nine months ended July 31, 2009, were \$87.363 million, or 95.02% of revenues, compared to \$85.415 million, or 94.53% of revenues for the same quarter in 2008. The margin is indicative of the virtual prepaid telecommunications industry. The lower margin is due to higher commissions paid to one of the Company's larger customers in Canada.

General and Administrative

General and administrative expense decreased \$462,000, or 14%, to \$2.915 million in the nine months ended July 31, 2009 as compared to \$3.377 million for the nine months ended July 31, 2008. As a percentage of revenue, general and administrative expenses were 3.17% and 3.74% for the nine months ended July 31, 2009 and 2008, respectively.

Included in general and administrative expense for the two quarters of 2009 and 2008 was \$92,000 and \$773,000, respectively, of non-cash stock-based compensation expense. The \$681,000 reduction of stock-based compensation expenses were offset by increases in compensation expense as the Company added staff during the year and had increased salary expense for the first six months of the year.

Sales and Marketing

Sales and marketing expense decreased \$28,000, or 5%, to \$533,000 in the three quarters ended July 31, 2009 as compared to \$562,000 for same period in 2008. As a percentage of revenue, sales and marketing expense was 0.6% for the nine months ended July 31, 2009 and 0.6% for 2008, respectively.

Research and Development

Product development costs for the nine months ended July 31, 2009 were \$591,000, or approximately 0.6% of revenues. This compares to \$390,000, or approximately 0.4% of revenues for the nine months ended July 31, 2008. Expenses increase due to increased compensation costs for engineers.

Restatement Costs

Restatement costs consist of accounting, legal and consulting costs incurred. The Company incurred \$510,000 of costs related to the restatement of its 2006 and 2007 annual financial statements and the quarters ended January 31, April 30 and July 31, 2008. These costs are one-time expenses that are not expected to continue after completion of the restatement process.

Amortization

Amortization expense decreased to \$307,000, or 0.3% of revenue, in the three quarters ended July 31, 2009 compared to \$340,000, or 0.4% of revenue, for the same period in 2008.

Interest on capital leases

As a result of the completion of lease agreements, interest expense decreased by \$67,000 to \$7,000 in the three quarters ended July 31, 2009 compared to \$74,000 the same period of 2008.

Net Income

Consolidated net loss was \$345,000 for the nine months ended July 31, 2009, compared with a net income of \$223,000 for the corresponding period in 2008.

For the nine months ended July 31, 2009, net income decreased by \$568,000 compared to the corresponding period in 2009 due primarily to a \$371,000 decrease in the Company's gross margins and \$510,000 of costs related to the restatement of Vendtek's 2006 and 2007 annual financial statements and the quarters ended January 31, April 30 and July 31, 2008. These costs are one-time expenses that the Company do not expect to continue after the Company complete the process.

These costs were partially offset by \$462,000 decrease in the Company's general and administrative expenses resulting from lower stock-based compensation expenses.

Liquidity and Capital Resources

As of July 31, 2009, cash totaled approximately \$2.445 million compared to approximately \$2.103 million at October 31, 2008. The Company's cash position can fluctuate significantly from period to period, largely as a result of differences in the timing, size and number of transactions, the timing of the receipt of proceeds from retailers, and the timing of the payment of net amounts due to suppliers. VendTek generally collects proceeds from retailers within seven days of the transaction and pays suppliers approximately 21 days following the purchase of inventory. If collections from retailers or suppliers are paid near a period end, the Company's cash position will be affected accordingly.

Cash Flows Used in Operating Activities

Net cash provided by operating activities totalled \$435,000 for the nine months ended July 31, 2009 and net cash provided by operating activities totalled \$2.142 million during the nine month period ended July 31, 2008. The increase in cash in 2009 was due to the collection of receivables, decrease of inventories and the increase of accounts payable.

Fiscal 2008 Financial Results and Review

Consolidated Balance Sheets As at October 31, 2008, 2007 and 2006

	2008	2007	2006
		(Restated - note 5)	(Restated - note 5)
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,102,666	\$ 331,431	\$ 598,525
Accounts receivable	2,851,942	3,243,508	1,859,995
Income taxes recoverable (note 10)	183,473	105,104	-
Inventories (note 6)	2,934,249	3,066,498	1,194,452
Prepaid expenses and deposits	60,108	27,401	14,430
	8,132,438	6,773,942	3,667,402
Equipment (note 7)	917,296	900,750	430,304
Intangible assets (note 9)	321,848	427,826	19,689
Goodwill (note 8)	907,342	907,342	-
	\$ 10,278,924	\$ 9,009,860	\$ 4,117,395
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 6,376,818	\$ 6,322,291	\$ 3,162,416
Income taxes payable (note 10)	-	-	8,300
Current portion of capital lease obligations (note 11)	43,952	126,237	127,134
	6,420,770	6,448,528	3,297,850
Capital lease obligations (note 11)	22,281	49,816	47,391
	6,443,051	6,498,344	3,345,241
Shareholders' equity:			
Share capital (note 13)	8,344,732	8,076,105	6,648,057
Contributed surplus (note 13)	2,117,835	1,286,425	368,521
Deficit	(6,626,694)	(6,851,014)	(6,244,424)
	3,835,873	2,511,516	772,154
	\$ 10,278,924	\$ 9,009,860	\$ 4,117,395

Consolidated Statements of Operations, Comprehensive Income (Loss), and Deficit

Years ended October 31, 2008, 2007 and 2006

	2008	2007	2006
		(Restated - note 5)	(Restated - note 5)
Revenue:			
Prepaid telecommunication	\$ 121,546,125	\$ 88,397,371	\$ 56,710,327
Hardware and equipment	134,043	82,118	171,736
Software license and services	1,074,136	847,411	309,698
	122,754,304	89,326,900	57,191,761
Cost of revenue:			
Prepaid telecommunication	116,071,730	84,669,723	54,148,189
Hardware and equipment	91,950	32,015	130,241
	116,163,680	84,701,738	54,278,430
	6,590,624	4,625,162	2,913,331
Operating expenses:			
General and administrative	4,425,729	3,426,609	1,821,536
Selling and marketing	879,526	804,066	606,087
Research and development	556,192	481,037	359,367
Amortization	510,318	371,317	203,288
Interest expense	63,374	162,726	162,413
Foreign exchange (gain) loss	(72,535)	(15,703)	(2,788)
	6,362,604	5,230,052	3,149,903
Earnings (loss) before income taxes	228,020	(604,890)	(236,572)
Income taxes (note 10)	3,700	1,700	8,300
Net earnings (loss) and comprehensive income (loss)	224,320	(606,590)	(244,872)
Deficit, beginning of year	(6,851,014)	(6,244,424)	(5,999,552)
Deficit, end of year	\$ (6,626,694)	\$ (6,851,014)	\$ (6,244,424)
Net earnings (loss) per common share (note 16):			
Basic	\$ 0.01	\$ (0.01)	\$ (0.01)
Diluted	0.00	(0.01)	(0.01)
Weighted average shares outstanding:			
Basic	44,719,315	43,624,332	38,388,794
Diluted	48,151,246	43,624,332	38,388,794

Review of the year ended October 31, 2008 compared with the year ended October 31, 2007 and 2006.

Revenues

Revenues for the years ended October 31, 2008, 2007, and 2006 were \$122.8 million, \$89.3 million and \$57.1 million respectively. The Company experienced revenue growth of 38% in 2008 and 56% in 2007.

Prepaid telecommunications revenues for 2008, 2007 and 2006 were \$121.5 million, \$88.4 million and \$56.7 million. This represents a \$33.1 million (or 37%) increase from 2007 to 2008; and \$31.7 million (or 56%) from 2006 to 2007. Prepaid telecommunication revenues are dependent on the number of locations the Company has established as part of its proprietary distribution network and the number of transactions processed through the network. VendTek had 14,692 terminals at October 31, 2008, compared to 12,497 at October 31, 2007 and 9,989 at October 31, 2006.

Additionally, VendTek increased the number of products available to its distribution partners including third-party gift cards. Also included in the revenues were hard card sales of \$8.336 million in 2008, \$7.223 million in 2007, and zero in 2006. The Company added the hard card products after the acquisition of GPP. Management expects sales for these products will decline as the telecommunications companies switch from hard cards to electronic distribution.

Software and related service revenue increased from \$310,000 in 2006 to \$847,000 in 2007 and \$1.74 million in 2008. The Company received software and service revenues from the UAE, China and the U.S. Software and services revenue increased primarily due to increased transactions processed through its network in the UAE.

Hardware revenues for the year ended October 31, 2008, 2007 and 2006 were \$172,000, \$82,000, and \$134,000 respectively. The changes in hardware revenues are primarily due to changes in demand from legacy customers for parts from vending machines.

Cost of Revenues and Gross Margin

Cost of revenues for the years ended October 31, 2008, 2007 and 2006 were \$116.2 million, \$84.7 million and \$54.3 million respectively. Gross margins for these years were 5.4%, 5.2% and 5.1%. The increasing overall gross margins are due to the growth in higher margin software licensing revenues in 2007 and a further increase in 2008.

Prepaid margins for 2008, 2007, and 2006 were 4.5%, 4.2%, and 4.5%. The lower margins in 2007 were primarily due to VPIN inventory that was written down during the year based on management's estimate of its value. The low margins are indicative of the virtual prepaid telecommunications industry.

General and Administrative

General and administrative expense increased to \$4.4 million in 2008 from \$3.4 million in 2007 and \$1.9 million in 2006. As a percentage of revenue, general and administrative expenses were 3.6%, 3.8% and 3.2% for the year ended October 31, 2008, 2007, and 2006 respectively.

The addition of GPP's \$450,000 ongoing expenses in May 2007 is one of the primary reasons for the increase in general and administrative expenses. Fiscal 2008 included a full years worth of GPP expenses and fiscal 2007 included half a year's worth of expenses.

Included in general and administrative expense for 2008, 2007 and 2006 were non-cash stock-based compensation expenses of \$938,000, \$1 million and \$230,000 respectively.

General and administrative expenses also increased as a result of additional compensation expenses from higher wages and additional staff and increased professional fees in 2008 related to audit and legal costs.

Sales and Marketing

Sales and marketing expense was \$880,000, \$804,000 and \$606,000 for 2008, 2007 and 2006 respectively. As a percentage of revenues, sales and marketing expenses were 0.7%, 0.9% and 1.1% respectively.

Sales and marketing expenses increased from 2006 to 2007 partially due to the acquisition of GPP. GPP added approximately \$65,000 in costs for the six months of 2007. The increase was also due to greater efforts to increase the number of terminals in Canada and expand the Company's international licensing efforts. Particularly, in 2007 and 2008, VendTek increased staff associated with sales and marketing activities and attended more trade shows.

Research and Development

Product development costs for the year ended October 31, 2008, were \$556,000, or approximately 0.5% of revenues. This compares to \$481,000 (or 0.5% of revenues) for 2007 and \$359,000 (or 0.6% of revenues) for 2006.

New product development is fundamental for VendTek's growth. The Company has a number of new developments including an integration of our software with Carrefour's payment processing system.

The increase of the expense is also attributed to more personnel and increased use of contract labour.

Amortization

Amortization expense increased to \$510,000 in 2008 from \$371,000 in 2007 and \$203,000 in 2006. The increase is due to increased purchases of equipment and the amortization resulting from the acquisition of the customer lists acquired in the purchase of GPP.

Interest on capital leases

Interest expense decreased to \$63,000 in 2008 compared to \$162,000 in 2007 and 2006. The decrease is due to the payments during the term of the lease agreements.

Foreign Exchange Gains

Foreign exchange gains for 2008, 2007 and 2006 were \$73,000, \$16,000 and \$3,000. Foreign exchange gains or losses arise when foreign currency-denominated monetary items are re-valued to the exchange rates in effect at the end of the period. The gain or loss recognized in any given period is affected by changes in foreign exchange rates as well as the composition of our foreign currency denominated monetary assets and liabilities.

VendTek had more transactions outside Canada in 2008 compared to 2007 and 2006.

Provision for Income Taxes

Consolidated net income before taxes was \$228,000 for the year ended October 31, 2008, compared with a loss of \$605,000 and \$237,000 for 2007 and 2006. The provision for income taxes was \$4,000, \$2,000 and \$8,000 for 2008, 2007 and 2006 respectively. The reduction of tax expense from 2006 to 2007 is due to the amalgamation of NPP and the reduction of earnings before taxes. The Company's provision for taxes continued to be minimal in 2008 as it used \$1.7 million of non-capital losses from prior years.

VendTek reduced its tax expense in 2008 by amalgamating GPP. No future tax assets were recognized as management estimated that it was unlikely the Company would realize the benefit of the future tax assets related to non-capital losses.

Net Income

Consolidated net income (loss) was \$224,000 for the year ended October 31, 2008, compared with a loss of \$607,000 and \$245,000 for 2007 and 2006.

In 2008, net income increased by \$831,000 compared to 2007 due to the increase in sales which resulted in an increase to the Company's gross margin by \$2.0 million. This increase in sales was the result of ongoing installations of POS terminals across Canada through our distribution networks, the addition of a full year of GPP revenues and the increase in our higher margin software licensing revenues internationally. The \$2.0 million increase in the Company's gross margin was partially offset by the increase in operating expenses of \$1.1 million. This increase of operating expenses in 2008 compared to 2007 was primarily due to having a full year of GPP expenses and additional compensation costs related to general and administrative expenses.

Although revenues increased from 2006 to 2007, the Company's net loss increased by about \$362,000. The increase in net income resulted in a \$1.7 million increase to the Company's gross margins. However, the Company's operating costs increased by \$2.1 million during the same period. The increase in the Company's operating costs were primarily due to a \$1.6 million increase in general and administrative expenses. Approximately \$775,000 of this increase was due to an increase in our stock-based compensation expense. The remainder of the increase was due to the addition of GPP expenses and additional compensation costs.

Liquidity and Capital Resources

As at October 31, 2008, 2007 and 2006 our cash balance was \$2.1 million compared to \$331,000 and \$599,000. VendTek's cash position can fluctuate significantly from period to period, largely as a result of differences in the timing, size and number of transactions, the timing of the receipt of proceeds from retailers, and the timing of the payment of net amounts due to suppliers. VendTek generally collects proceeds from retailers within seven days of the transaction and pays suppliers approximately 21 days following the purchase of inventory. Specifically, the Company normally collects its cash every Wednesday. If collections from retailers or suppliers are paid near a period end, the Company's cash position will be affected accordingly. As at October 31, 2008, the Company's cash balance increased compared to 2007 and 2006, partly due to the fact that it had collected receivables from the transactions completed in the prior week.

Cash Flows Used in Operating Activities

Net cash provided by operating activities was \$2.2 million in 2008. Net cash used by operating activities in 2007 and 2006 were \$895,000 and \$396,000 respectively. Cash was used primarily for the payments of inventory and the increase in accounts receivable in 2006 and 2007. In 2008, cash was provided mainly by the decrease in accounts receivable. In 2008, accounts receivable were lower as the Company had recently collected proceeds from retailers from the prior week while in 2007 and 2006, it had not done so. Inventory and accounts payable balances were higher in 2008 and 2007 as the Company had recently purchased inventory. VendTek also had higher non-cash expenses of amortization, and stock-based compensation expenses in 2008 (\$1.5 million) compared to 2007 (\$1.4 million) and 2006 (\$433 thousand).

Financial Condition

Management believe that the Company has sufficient cash and working capital to meet its obligations as they become due in 2009. The Company plans capital expenditure for fiscal 2009 in line with prior years.

Management expects to continue using funds generated from existing operations to further finance the expansion of prepaid telecommunications business in Canada. Working capital is managed by rate of inventory turnover, collection terms with customers and terms granted by suppliers. Cash flow is dependant on management's ability to continue to manage the business cycle. Limited credit facilities from vendors

may limit working capital and cash flows to expand the business. As this business expands, management anticipates the need to purchase additional inventory and POS terminals. A risk to liquidity is that customers do not pay in a timely manner creating a negative cash flow situation.

Cash flow from operations is impacted by VendTek's margin on sales. Increased pricing competition may reduce margins and the Company's ability to negotiate favourable supply contracts, which will impact margin, net income and operating cash flow.

Historically, the Company has financed its operations through the sale of equity as well as through long-term debt, lease financing, an operating line of credit with a chartered Canadian bank, term loans from the Business Development Bank of Canada and related party debt. VendTek's operations, development and expansion are financed from the cash flow generated from operating activities, including supplier credit.

Restatement of Previously Issued Financial Statements

VendTek instituted a number of changes to its financial and accounting systems in 2008. Specifically, in the 2008 fiscal year, management changed our accounting systems as its previous systems could not meet our needs. The previous accounting system had become out-dated and could not keep pace with the Company's rapid growth. Management also increased the amount of integration between the Company's e-Fresh™ transaction processing software and accounting system. To assist with accurate and timely financial reporting, the Company added experienced accounting resources. Management also implemented a formal budgeting process with Board approval. Finally, management changed our auditors and added two professionals with significant financial experience to our Board and Audit Committee.

In January 2009, with these changes in place and while in the process of preparing the Company's consolidated financial statements for the year-ended October 31, 2008, management discovered a significant discrepancy between our reported inventory balances and actual inventory balances dating back to October 31, 2006.

Following the discovery, the Company's Audit Committee (the "Audit Committee") initiated an independent review and retained Pricewaterhouse Coopers LLP ("PWC") to provide assistance in the review of the facts and circumstances leading to the discrepancy. The scope of this investigation was determined by the Audit Committee in consultation with PWC. As a result of this investigation, a number of additional errors were discovered – all of which are detailed below. Following this review, the Audit Committee and the Board determined that it would retain its current auditors, KPMG, LLP to re-audit the 2007 and 2006 financial years.

This investigation, and as well as a concurrent internal investigation conducted by management, also led to the identification of a number of weaknesses in our internal controls over financial reporting that dated back to the years prior to 2006. These weaknesses included:

- A need to replace and expand infrastructure in order to keep pace with corporate growth.
- A need to improve the number and seniority levels of accounting staff given the substantial growth in company revenue over the period 2002 to 2008.
- A need to have senior management more closely involved in the detail of the accounting process.
- A need to have the Board of Directors play a more significant role in oversight over internal controls and to increase the level of financial expertise on the board as the company grew.

To compensate for the weaknesses in internal control over financial reporting, management undertook intensive efforts to enhance the Company's controls and procedures relating to financial reporting. In addition to the changes made in 2008, management also initiated a number of additional changes to our internal controls in 2009.

Specifically, management increased the integration between e-Fresh™ and the Company's accounting system. Revenue recognition cost of revenues and commission expenses have been automated to eliminate the need for manual journal entries.

Other significant changes include:

1. Formalizing our month-end accounting procedures including a review of the inventory continuity.
2. Hiring experienced staff in our accounting department. We hired two designated accountants for our accounting group.
3. Replacing the previous Controller with a designated accountant with the appropriate experience.
4. Instituting greater system controls to ensure proper authorization of transactions and separation of duties and greater management oversight over financial controls. This includes monthly financial reports compared to the approved budget reviewed by senior management and the Board of Directors.
5. Promoting additional Board oversight over the financial reporting. Specifically, review of the management incentive compensation plan by the Compensation Committee to allow for an appropriate balance of profit and non-profit based metrics. The Board also introduced formal annual performance reviews for senior management.
6. Introduction of a formal Board education program for corporate governance.
7. Introduction of a formal insider trading policy.
8. Implementation of enhanced financial and operational reporting to give greater visibility on revenues and cost of revenues.
9. Automation of consolidations of our entities to reduce the need for manual entries.
10. Implementation of a formal salary review process for all staff as part of the budgeting process.
11. Implementation of additional reconciliation processes between our e-Fresh™ system and vendor invoices.
12. Automation of depreciation entries for fixed assets.

As a result of the errors, the Company has restated its consolidated balance sheets as at October 31, 2007 and 2006; as well as its consolidated statements of operations and deficit, and cash flows for the years then ended.

The following tables present the impact of the restatement on the Company's previously reported consolidated financial statements for the years ended October 31, 2007 and 2006:

Consolidated Balance Sheet as at October 31, 2007:

	As previously reported	Adjustments	Restated
Assets			
Current assets:			
Cash	\$ 329,431	\$ 2,000 (i)	\$ 331,431
Accounts receivable	3,357,431	(113,923) (e)	3,243,508
Income tax recoverable	-	105,104	105,104
Inventories	4,820,339	(1,753,841) (a)(b)(i)	3,066,498
Prepaid expenses and deposits	27,401	-	27,401
Future income tax asset	91,948	(91,948) (h)	-
	8,626,550	(1,852,608)	6,773,942
Equipment	932,063	(31,313) (d)(e)(i)	900,750
Intangible assets	805,753	(377,927) (g)	427,826
Goodwill	522,349	384,993 (g)	907,342
	\$ 10,886,715	\$ (1,876,855)	\$ 9,009,860
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 5,983,508	\$ 338,783 (a)(b)(d)(e)	\$ 6,322,291
Income taxes payable	83,800	(83,800) (h)	-
Current portion of capital lease obligations	148,926	(22,689) (d)	126,237
	6,216,234	232,294	6,448,528
Capital lease obligations	50,553	(737) (i)	49,816
	6,266,787	231,557	6,498,344
Shareholders' equity:			
Share capital	7,990,337	85,768 (f)(g)	8,076,105
Contributed surplus	1,156,204	130,221 (f)	1,286,425
Deficit	(4,526,613)	(2,324,401)	(6,851,014)
	4,619,928	(2,108,412)	2,511,516
	\$ 10,886,715	\$ (1,876,855)	\$ 9,009,860

Consolidated Statement of Operations for the year ended October 31, 2007:

	As previously reported	Adjustments	Restated
Revenue:			
Prepaid telecommunications	\$ 89,850,450	\$ (1,453,079) (a)	\$ 88,397,371
Hardware and equipment	82,109	9 (i)	82,118
Software license and services	890,389	(42,978) (b)	847,411
	90,822,948	(1,496,048)	89,326,900
Cost of revenue:			
Prepaid telecommunications	85,140,337	(470,614) (a)(i)	84,669,723
Hardware and equipment	63,371	(31,356) (i)	32,015
	85,203,708	(501,970)	84,701,738
	5,619,240	(994,078)	4,625,162
Operating expenses:			
General and administrative	3,183,671	227,235 (b)(f)(i)	3,410,906
Selling and marketing	484,185	319,881 (h)	804,066
Research and development	472,995	8,042 (i)	481,037
Amortization	373,952	(2,635) (g)(d)	371,317
Interest on capital lease obligations	157,238	5,488 (d)	162,726
	4,672,041	558,011	5,230,052
Earnings (loss) before income taxes	947,199	(1,562,089)	(604,890)
Income taxes:			
Current	129,571	(127,871) (h)	1,700
Future	48,600	(48,600) (h)	-
	178,171	(176,471)	1,700
Net earnings (loss)	\$ 769,028	\$ (1,375,618)	\$ (606,590)
Basic and fully diluted earnings per share	\$ 0.02	\$ (0.03)	\$ (0.01)

Consolidated Statement of Cash Flows for the year ended October 31, 2007:

	As previously reported	Adjustments	Restated
Cash provided by (used in)			
Operations	\$ (611,134)	\$ (283,689)	\$ (894,823)
Financing	371,088	151,916 (c)(d)	523,004
Investments	(194,188)	298,913 (d)	104,725
Decrease in cash	\$ (434,234)	\$ 167,140	\$ (267,094)

Consolidated Balance Sheet as at October 31, 2006:

	As previously reported	Adjustments	Restated
Assets			
Current assets:			
Cash	\$ 763,664	\$ (165,139) (c)	\$ 598,525
Accounts receivable	1,985,832	(125,837) (a)(b)(c)(d)	1,859,995
Inventories	1,102,654	91,798 (a)(b)	1,194,452
Prepaid expenses and deposits	14,467	(37) (i)	14,430
Future income tax asset	170,500	(170,500) (h)	-
	4,037,117	(369,715)	3,667,402
Equipment	328,170	102,134 (d)(e)(h)	430,304
Intangible assets	19,689	-	19,689
	\$ 4,384,976	\$ (267,581)	\$ 4,117,395
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$ 1,950,831	\$ 1,211,585 (a)(b)(d)	\$ 3,162,416
Income taxes payable	135,137	(126,837) (h)	8,300
Current portion of capital lease obligations	272,698	(145,564) (d)	127,134
	2,358,666	939,184	3,297,850
Capital lease obligations	79,325	(31,934) (d)	47,391
	2,437,991	907,250	3,345,241
Shareholders' equity:			
Share capital	6,804,081	(156,024) (c)(f)	6,648,057
Contributed surplus	438,545	(70,024) (f)	368,521
Deficit	(5,295,641)	(948,783) (f)	(6,244,424)
	1,946,985	(1,174,831)	772,154
	\$ 4,384,976	\$ (267,581)	\$ 4,117,395

Consolidated Statement of Operations for the year ended October 31, 2006:

	As previously reported	Adjustments	Restated
Revenue:			
Prepaid telecommunications	\$ 57,600,072	\$ (889,745) (a)	\$ 56,710,327
Hardware and equipment	171,890	(154) (b)	171,736
Software license and services	246,116	63,582 (i)	309,698
	58,018,078	(826,317)	57,191,761
Cost of revenue:			
Prepaid telecommunications	54,451,829	(303,640) (a)(b)(i)	54,148,189
Hardware and equipment	31,625	98,616 (i)	130,241
	54,483,454	(205,024)	54,278,430
	3,534,624	(621,293)	2,913,331
Operating expenses:			
General and administrative	1,806,132	15,404 (b)(f)(i)	1,821,536
Selling and marketing	422,790	183,297 (i)	606,087
Research and development	359,452	(85) (i)	359,367
Amortization	175,158	28,130 (d)	203,288
Interest on capital lease obligations	55,521	106,892 (d)	162,413
	2,819,053	330,850	3,149,903
Earnings (loss) before income taxes	715,571	(952,143)	(236,572)
Income taxes:			
Current	135,137	(126,837) (h)	8,300
Future	(170,500)	170,500 (h)	-
	(35,363)	43,663	8,300
Net earnings (loss)	\$ 750,934	\$ (995,806)	\$ (244,872)
Basic and fully diluted earnings (loss) per share \$	\$ 0.02	\$ (0.02)	\$ (0.01)

Consolidated Statement of Cash Flows for the year ended October 31, 2006:

	As previously reported	Adjustments	Restated
Cash provided by (used in)			
Operations	\$ (634,282)	\$ 237,951	\$ (396,331)
Financing	1,448,360	563,051 (c)(d)	885,309
Investments	(297,031)	159,962 (d)	(137,069)
Decrease in cash	\$ 517,047	\$ (165,139)	\$ 351,909

Opening Retained Deficit as of November 1, 2005:

	As previously reported	Adjustments	Restated
	\$ (6,046,575)	\$ 47,023 (e)	\$ (5,999,552)

(a) Revenue recognition errors, consignment inventory and un-supported journal entries:

The Company has identified a number of errors related principally to the incorrect recording of revenue consignment inventory and errors related to un-supported journal entries. The combination of these errors impacted accounts receivable, inventory, prepaid telecommunications revenue, and prepaid telecommunications cost of revenue balances. These errors resulted in an overstatement of the Company's current assets, overstatement of gross margins and understatement of current liabilities.

Revenues arising from the sales of consignment inventory were recognized on a gross basis, but should have been recognized on a net basis, in accordance with Emerging Issues Committee ("EIC") No. 123 *Reporting Revenue Gross as Principal versus Net as an Agent*.

Consignment inventory was incorrectly recorded as purchased inventory. Since the Company did not have ownership of this inventory, it should not have been recorded on the Company's balance sheet until it was sold. Once sold, consignment inventory should have resulted in an increase to accounts payable, to reflect the liability to the supplier for this inventory.

The most significant impact of the errors noted above was the overstatement of prepaid telecommunications revenues of \$1.4 million in (2006 - \$889,000) and inventory of \$125,000 in 2007 (2006 - \$198,000).

The Company also learned that it had not been billed for consignment inventory items from one its suppliers for the years ended October 31, 2007, and 2006. The Company had not previously recorded a liability related to these unbilled items. The error increased accounts payable in 2007 by \$99,000 (2006 - \$72,000) and decreased prepaid telecommunications revenues by \$99,000 (2006 - \$72,000). In September 2009, the Company settled all outstanding amounts due to the supplier for any unbilled consignment items up to the period ending August 2009.

The Company also discovered journal entries that did not have sufficient supporting documents. The most significant impact of this error, in 2007, was an overstatement of inventory by \$1.675 million; and in 2006, the understatement of accounts payable by \$632,000.

The correction of all the above noted errors resulted in the reduction of inventory by \$1.8 million in 2007 (2006 - \$198,000), a reduction of prepaid telecommunications revenues by \$1.5 million in 2007 (2006 - \$889,000), a reduction of prepaid telecommunications cost of revenues by \$240,000 in 2007 (2006 - increase of \$96,000), increase of accounts payable \$58,000 in 2007 (2006 - increase \$632,000) and a nil decrease in accounts receivable in 2007 (2006 - \$155,000). The remaining adjustment to 2007 increased the opening retained deficit account by \$598,000.

(b) Timing errors:

The Company identified errors resulting from the timing of recording inventory. The Company had incorrectly recorded inventory when the PINs were loaded on to the Company's server. Instead, inventory and the associated accounts payable should have been recorded when the Company had the legal obligation associated with the purchase of the PINs, which occurred prior to them being loaded on to the Company's server. As a result, inventory and accounts payable increased by \$116,000 in 2007 (2006 - \$286,000).

The Company did not accrue for all costs incurred prior to year end. Errors related to the timing of the recording of invoices resulted in expenses being recorded in the incorrect fiscal year. Correction of these timing errors in 2007 resulted in an increase in accounts payable by \$225,000 (2006 - \$145,000), increase prepaid telecommunications cost of revenues by \$14,000 (2006 - decrease \$31,000), and general and administration expenses increase by \$200,000 (2006 - increase \$114,000).

The Company also identified an error related to the timing of software revenues. In fiscal 2007, the Company recorded license fees that were in fact earned during 2006. Correcting the error resulted in an increase to software revenues and accounts receivable of \$54,000 in 2006 and an associated reduction of license revenues in 2007 by the same amount.

(c) Error related to share issuance:

Proceeds from an equity financing were received subsequent to the Company's 2006 year end. The Company had incorrectly recorded a portion of the proceeds as part of cash and shares issued from treasury.

The correction of this error resulted in a decrease in cash and share capital by \$165,000. This error was isolated to 2006 and had no impact on the balance sheet or income statement in 2007. Corrections of the errors also resulted in adjustment to the cash provided by financing activities in the consolidated statement of cash flows for 2007 and 2006.

(d) Errors related to accounting for capital leases:

The Company incorrectly accounted for capital lease transactions. The Company did not correctly record assets under capital lease, did not correctly calculate the capital lease obligation, or record the associated interest expense. After correcting the error, equipment was reduced by \$170,000 in 2007 (2006 - increased by \$33,000), accounts payable was increased by \$4,000 in 2007 (2006 - \$228,000), and current and long term capital lease obligations were reduced by \$23,000 and nil each in 2007 (2006 - \$146,000 and \$32,000, respectively). Interest and amortization expense related to the lease obligation increased by \$6,000 and decreased by \$24,000, respectively (2006 - \$108,000 and increase \$14,000). In addition, general and administrative expenses decreased by \$35,000 in 2006. Corrections of the errors also resulted in adjustment to the cash provided by financing activities and cash used in investing activities in the consolidated statement of cash flows for 2007 and 2006.

(e) Errors related to inter-company transactions:

The Company did not properly eliminate an intercompany sale of equipment that occurred in years prior to fiscal 2006. After correcting the error, the equipment balance was increased by \$71,000 in 2007 (2006 - \$77,000) and the 2006 opening retained deficit was reduced by \$77,000.

In 2007, the Company did not eliminate inter-company receivables correctly. To correct the error, accounts receivable were reduced by \$114,000 and accounts payable were reduced by \$81,000. This error was isolated to fiscal 2007 and did not affect the balances at October 31, 2006.

(f) Errors related to stock-based compensation expenses:

The Company corrected errors related to the calculation of stock-based compensation expense. The fair value of stock options granted to employees was incorrect as the volatility assumption input into the Black-Scholes option pricing model was incorrect. The Company also did not separately identify and account for stock-based compensation issued to non-employees. The value of stock options issued to non-employees should have been re-measured at each reporting period, with the difference being recorded as stock-based compensation expense. The correction of these errors resulted in an increase in stock-based compensation, contributed surplus and share capital by \$267,000, \$130,000 and \$75,000, respectively, in 2007 (2006 - reduction in stock-based compensation expense of \$60,000, reduction in contributed surplus of \$70,000 and increase in share capital by \$10,000).

(g) Acquisition of Go Prepaid error:

The calculation of fair value of the intangibles was incorrect as a result of a formula error in the working paper. Correction of the error in the formula resulted in the reduction of intangible assets by \$422,000 and amortization expense by \$42,000. Goodwill increased by \$414,000. This error was isolated to fiscal 2007 and had no effect on fiscal 2006.

The correction of the error also resulted in a change of the assumptions relating to recognition of Go Prepaid's non-capital losses. The Company provided a full valuation allowance for non-capital losses which resulted in a decrease to goodwill of \$30,000.

(h) Tax adjustments:

Changes in the Company's net income resulted in adjustments to the Company's current and future tax expense, taxes payable and future tax assets. The impact of the adjustments resulted in a decline in our tax expense, and taxes payable. The Company also did not recognize any future tax assets which reduced future tax assets. Future tax assets were reduced by \$91,948 in 2007 (2006 - \$170,500) and current and future income tax expenses were reduced by \$176,471 in 2007 (2006 - increased by \$43,663). In 2007,

income taxes payable of \$83,800 were changed to an income tax recoverable of \$105,104. In 2006, income taxes payable of \$135,137 were reduced to \$8,300.

(i) Miscellaneous adjustments:

In 2007, certain items were incorrectly classified as inventory instead of being classified as equipment. The correction of this error resulted in a decrease in inventory by \$60,000 and corresponding increase in equipment by the same amount.

In 2007, inventory was further reduced by \$44,000 due to the write down of slow moving inventory (2006 – nil).

(j) Miscellaneous adjustments:

In 2007 and 2006, the Company used incorrect foreign exchange rates to translate transactions originating in foreign denominated currencies. The correction of this error resulted in changes to a number of accounts in the financial statements; however the aggregate adjustment was less than \$30,000 in each year.

Certain figures have been reclassified to correspond with the basis of presentation adopted in the current fiscal year. Specifically, in 2006, \$65,000 of salary and delivery costs related to the delivery of prepaid equipment was reclassified from prepaid telecommunications cost of revenues to cost of revenues for hardware and equipment.

As well, \$377,000 of salary and delivery costs were reclassified from prepaid telecommunications cost of revenues to general and administrative expenses (\$172,000) and to selling and marketing expenses (\$205,000) as they were not directly related to the costs associated with prepaid telecommunications revenues.

In 2007, \$277,000 of salary and delivery costs were reclassified from prepaid telecommunications cost of revenues to selling and marketing expenses as they were not directly related to the costs associated with prepaid telecommunications revenues.

Other immaterial errors were corrected in the 2006 and 2007 financial statements

Fiscal 2009 Financial Statements

The Company expects that it will file shortly its audited consolidated financial statements for the year ended October 31, 2009 and corresponding management discussion and analysis.

Conference Call

VendTek management intends to host a conference call on Thursday, February 25, 2010 at 4:15 p.m. EST (1:15 p.m. PST) to discuss its financial results and 2009 operational highlights.

To access the conference call by telephone, dial 647-427-7450 or 1-888-231-8191 and reference the company name, VendTek Systems Inc, or the conference code 59292845. Please connect approximately 15 minutes prior to the beginning of the call to ensure participation. The conference call will be archived for replay until Thursday March 4, 2010, at midnight. To access the archived conference call, dial 1-800-642-1687 and enter the conference code 59292845.

A live audio webcast of the conference call will be available at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2979460> Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. The webcast will be archived at the www.vendteksys.com.

About VendTek

VendTek is headquartered in Vancouver, British Columbia, Canada, and develops and licenses automated transaction system software and supporting technologies that improve the efficiency of product delivery,

reduce costs to clients and offer superior safety measures. VendTek's customers, its division, Now Prepay and its subsidiaries are using e-Fresh™ software to build electronic, prepaid services networks, which enable consumers to purchase prepaid services via point-of-sale terminals (POS) and self-serve terminals connected to a central e-Fresh™ server. This system creates significant value through improved efficiencies compared to the traditional distribution paradigm. e-Fresh™ reduces shrinkage and inventory requirements while improving consumer access to prepaid services by completely eliminating physical cards and vouchers. For further information please visit the Company's websites www.vendteksystems.com and www.nowprepay.com.

Forward-Looking Information

This news release contains forward-looking statements that are subject to risks and uncertainties that may cause actual results or events to differ materially from the results or events predicted in this release, including those comments predicting the level of inventory overstatement and its material impact on the financial statements. Although we believe that the forward-looking statements contained herein are reasonable, we can give no assurance that our expectations are correct and that the results, performance or achievements expressed in, or implied by, forward-looking statements within this disclosure will occur. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.