

Consolidated Financial Statements
(Expressed in Canadian dollars)

VENDTEK SYSTEMS INC.

Three and six months ended April 30, 2010 and 2009
(Unaudited)

VENDTEK SYSTEMS INC.

Consolidated Balance Sheets
(Expressed in Canadian dollars)

	April 30, 2010 (Unaudited)	October 31, 2009 (Audited)
Assets		
Current assets:		
Cash	\$ 1,178,797	\$ 2,676,158
Accounts receivable	3,067,588	3,544,251
Income tax recoverable	618,373	618,373
Inventories (note 2)	3,486,071	2,418,738
Prepaid expenses and deposits	78,880	85,437
	<u>8,429,709</u>	<u>9,342,957</u>
Equipment	566,809	613,094
Intangible assets	257,798	310,184
Goodwill	907,342	907,342
	<u>\$ 10,161,658</u>	<u>\$ 11,173,577</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,402,342	\$ 8,222,939
Current portion of capital lease obligation	4,838	13,145
	<u>7,407,180</u>	<u>8,236,084</u>
Capital lease obligation	4,726	8,503
	<u>7,411,906</u>	<u>8,244,587</u>
Shareholders' equity:		
Share capital (note 3(a))	8,580,012	8,460,132
Contributed surplus (note 3(b))	2,150,842	2,204,518
Accumulated deficit	(7,981,102)	(7,735,660)
	<u>2,749,752</u>	<u>2,928,990</u>
	<u>\$ 10,161,658</u>	<u>\$ 11,173,577</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

VENDTEK SYSTEMS INC.

Consolidated Statements of Operations, Comprehensive Income (Loss) and Accumulated Deficit
(Expressed in Canadian dollars)
(Unaudited)

	<u>Three months ended April 30,</u>		<u>Six months ended April 30,</u>	
	2010	2009	2010	2009
Revenues:				
Prepaid telecommunication	\$ 29,980,508	\$ 29,454,191	\$ 59,979,965	\$ 59,743,725
Hardware and equipment	18,986	21,537	52,474	40,475
Software license and services	373,247	361,256	691,542	747,256
	<u>30,372,741</u>	<u>29,836,984</u>	<u>60,723,981</u>	<u>60,531,456</u>
Cost of revenues:				
Prepaid telecommunication	28,872,778	28,327,482	57,738,950	57,506,614
Hardware and equipment	1,309	9	4,246	879
	<u>28,874,087</u>	<u>28,327,491</u>	<u>57,743,196</u>	<u>57,507,493</u>
	1,498,654	1,509,493	2,980,785	3,023,963
Operating expenses:				
General and administrative	989,621	843,450	1,987,358	2,036,228
Selling and marketing	277,746	203,191	477,817	364,549
Research and development	213,228	191,626	385,928	395,898
Restatement costs	69,867	265,569	189,867	265,569
Amortization	98,325	102,675	187,817	203,143
Interest expense	975	1,670	2,330	5,571
Gain on disposal of assets	(5,722)	-	(5,722)	-
Foreign exchange (gain) loss	(6,218)	(992)	832	6,511
	<u>1,637,822</u>	<u>1,607,189</u>	<u>3,226,227</u>	<u>3,277,469</u>
Net loss and comprehensive loss	(139,168)	(97,696)	(245,442)	(253,506)
Accumulated deficit, beginning of period	(7,841,934)	(6,782,504)	(7,735,660)	(6,626,694)
Accumulated deficit, end of period	<u>\$ (7,981,102)</u>	<u>\$ (6,880,200)</u>	<u>\$ (7,981,102)</u>	<u>\$ (6,880,200)</u>
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding:				
Basic	46,044,461	45,126,826	45,917,367	45,126,826
Diluted	46,044,461	45,126,826	45,917,367	45,126,826

See accompanying notes to consolidated financial statements.

VENDEK SYSTEMS INC.

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	<u>Three months ended April 30,</u>		<u>Six months ended April 30,</u>	
	2010	2009	2010	2009
Cash provided by (used in):				
Operations:				
Net loss for the period	\$ (139,168)	\$ (97,696)	\$ (245,442)	\$ (253,506)
Items not involving cash:				
Amortization expense	98,325	102,675	187,817	203,143
Gain on disposal of assets	(5,722)	-	(5,722)	-
Stock-based compensation	-	(44,545)	1,404	73,979
	(46,565)	(39,566)	(61,943)	23,616
Changes in non-cash operating items	(1,153,945)	96,576	(1,404,710)	89,881
	(1,200,510)	57,010	(1,466,653)	113,497
Financing:				
Proceeds from options exercised	-	-	64,800	-
Repayment of capital lease obligations	(4,763)	(6,408)	(12,084)	(16,954)
	(4,763)	(6,408)	52,716	(16,954)
Investments:				
Purchase of equipment	(65,250)	(37,993)	(97,936)	(50,250)
Proceeds on disposition of assets	19,378	-	19,378	-
Purchase of intangibles	(4,866)	-	(4,866)	-
	(50,738)	(37,993)	(83,424)	(50,250)
Increase (decrease) in cash	(1,256,011)	12,609	(1,497,361)	46,293
Cash, beginning of period	2,434,808	2,136,350	2,676,158	2,102,666
Cash, end of period	\$ 1,178,797	\$ 2,148,959	\$ 1,178,797	\$ 2,148,959
Supplemental information:				
Interest paid	\$ 975	\$ 3,352	\$ 2,330	\$ 5,571

See accompanying notes to consolidated financial statements.

VENDTEK SYSTEMS INC.

Notes to Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)

For the three and six months ended April 30, 2010 and 2009

1. Basis of presentation:

The unaudited interim consolidated financial statements for the three and six months ended April 30, 2010, should be read in conjunction with the audited consolidated financial statements of VendTek Systems Inc. (the "Company") for the year ended October 31, 2009. These interim financial statements conform in all material respects to the requirements of Canadian generally accepted accounting principles for interim financial statements and are based on accounting principles and practices consistent with those used in the preparation of the annual consolidated financial statements.

Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current period.

2. Inventories:

	April 30, 2010	October 31, 2009
Prepaid products	\$ 3,474,527	\$ 2,383,090
Hardware parts	11,544	35,648
	<u>\$ 3,486,071</u>	<u>\$ 2,418,738</u>

3. Share capital:

(a) Issued and outstanding:

	Six months ended April 30, 2010		Six months ended April 30, 2009	
	Number of shares	Amount	Number of shares	Amount
100,000,000 authorized:				
Common shares issued:				
Balance, beginning of period	45,720,461	\$ 8,460,132	45,250,461	\$ 8,344,732
Stock options exercised	324,000	119,880	-	-
Balance, end of period	<u>46,044,461</u>	<u>\$ 8,580,012</u>	<u>45,250,461</u>	<u>\$ 8,344,732</u>

VENDTEK SYSTEMS INC.

Notes to Consolidated Financial Statements
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For the three and six months ended April 30, 2010 and 2009

3. Share capital (continued):

(b) Contributed surplus:

	April 30, 2010	October 31, 2009
Balance, beginning of period	\$ 2,204,518	\$ 2,117,835
Stock-based compensation	1,404	108,083
Conversion to share capital from options exercised	(55,080)	(21,400)
Balance, end of period	\$ 2,150,842	\$ 2,204,518

(c) Stock options:

The Company has a stock option plan (the "Plan") whereby it may grant up to 8,671,184 options to its directors, officers and employees. The terms and conditions of options granted under the Plan are determined solely by the Board of Directors. Options are generally granted with a term of five years and vest over eighteen months.

The following table summarizes the continuity of the Company's stock options:

	Number of shares	Weighted average exercise price
Balance, October 31, 2009	5,963,000	\$ 0.55
Forfeited	(10,000)	0.20
Cancelled	(195,000)	0.41
Exercised	(324,000)	0.20
Balance, April 30, 2010	5,434,000	\$ 0.57

No options were granted for the three and six months ended April 30, 2010 (2009 – nil).

VENDTEK SYSTEMS INC.

Notes to Consolidated Financial Statements
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For the three and six months ended April 30, 2010 and 2009

3. Share capital (continued):

(c) Stock options (continued):

The following table summarizes information about share options outstanding at April 30, 2010:

Range of exercise prices	Options outstanding			Options exercisable	
	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$0.20 - \$0.40	1,225,000	0.30	\$0.20	1,225,000	\$0.20
\$0.41 - \$0.60	2,000,000	1.57	0.53	2,000,000	0.53
\$0.61- \$0.98	2,209,000	2.05	0.82	2,209,000	0.82
\$0.20 - \$0.98	5,434,000	1.48	\$0.57	5,434,000	\$0.57

4. Related party transactions:

During the three and six months ended April 30, 2010, the Company paid rent of \$12,447 and \$24,894 (2009 - \$12,447 and \$24,894) to a company in which an officer has a minority equity interest. This transaction was in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as a transaction with unrelated parties.

During the six months ended April 30, 2010, the Company recognized \$51,000 of revenue from a shareholder of the Company. As at April 30, 2010, the \$51,000 balance is recorded within accounts receivable.

5. Segmented disclosure:

The Company has determined that it operates as a single segment. Substantially all of the Company's sales are within Canada and its assets are also primarily based in Canada.