

Consolidated Financial Statements

VendTek Systems Inc.

For the Three Months Ended
January 31, 2007 and 2006
(Unaudited)

VendTek Systems Inc.

Consolidated Balance Sheets

As at January 31, 2007, with comparative figures as at October 31, 2006

	January 31, 2007	October 31, 2006
	(unaudited)	(audited)
Assets		
Current Assets		
Cash	\$ 1,759,775	\$ 763,664
Accounts receivable	1,550,106	1,985,832
Inventories	1,995,977	1,102,654
Prepaid expenses and deposits	288,658	14,467
Future income tax asset	170,500	170,500
	5,765,016	4,037,117
Equipment	408,909	328,170
Intangible Assets	18,459	19,689
	\$ 6,192,384	\$ 4,384,976
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,011,318	\$ 1,950,831
Income taxes payable	135,137	135,137
Current portion of long-term debt [Note 3]	272,698	272,698
	3,419,153	2,358,666
Long-term Debt [Note 3]	21,776	79,325
	3,440,929	2,437,991
Shareholders' Equity		
Share Capital [Note 4]	7,163,711	6,804,081
Contributed Surplus [Note 4]	615,567	438,525
Accumulated Deficit	(5,027,823)	(5,295,641)
	2,751,455	1,946,985
	\$ 6,192,384	\$ 4,384,976

See accompanying notes to the consolidated financial statements.

Approved on Behalf of the Board:

"Stuart Wooldridge"
Stuart Wooldridge, Director and
Chairman, Audit Committee

"Sherri Macdonald"
Sherri Macdonald, Director and Audit
Committee

VendTek Systems Inc.

Consolidated Statements of Operations and Accumulated Deficit

For the three months ended January 31, 2007 and 2006

	2007	2006
Revenues		
Prepaid telecommunication	\$ 16,117,312	\$ 12,725,669
Hardware and equipment	36,321	65,628
Software license and services	260,907	32,793
	<u>16,414,540</u>	<u>12,824,090</u>
Cost of revenues		
Prepaid telecommunication	15,253,118	12,093,295
Hardware and equipment	11,013	14,399
	<u>15,264,131</u>	<u>12,107,695</u>
	<u>1,150,409</u>	<u>716,395</u>
Operating Expenses		
General and administrative	547,089	432,918
Selling and marketing	123,436	62,839
Research and development	98,615	72,388
Amortization	80,497	40,151
	<u>849,637</u>	<u>608,296</u>
Earnings before interest expense	300,772	108,099
Interest on long-term debt	(32,954)	(14,253)
Net earnings	<u>267,818</u>	<u>93,846</u>
Deficit - Beginning	(5,295,641)	(6,046,575)
Deficit – Ending	<u>\$ (5,027,823)</u>	<u>\$ (5,952,729)</u>
Basic and diluted earnings per share	<u>\$ 0.01</u>	<u>\$ 0.00</u>
Weighted average shares outstanding		
Basic	<u>42,892,842</u>	<u>34,151,496</u>
Diluted	<u>46,072,101</u>	<u>34,151,496</u>

See accompanying notes to the consolidated financial statements.

VendTek Systems Inc.

Consolidated Statements of Cash Flows

For the three months ended January 31, 2007 and 2006

	2007	2006
Operating Activities		
Net earnings	\$267,818	\$93,846
Items not involving cash		
Accretion of convertible debenture to face value	-	1,700
Amortization of equipment, intangible assets and deferred finance charges	80,497	40,151
Stock-based compensation	143,042	66,972
	491,357	202,669
Net change in non-cash operating working capital items	328,699	870,533
Net Cash Provided In Operating Activities	820,056	1,073,202
Cash Flows From Financing Activities		
Proceeds from options exercised	25,000	-
Increase in long-term debt	(40,550)	(460)
Warrants exercised	-	3,000
Issuance of shares	335,100	
Net Cash Provided By Financing Activities	319,550	2,540
Cash Flows From Investing Activities		
Purchases of equipment	(149,967)	(150,200)
Net Cash Used In Investing Activities	(149,967)	(150,200)
Effect of Exchange Rate Changes on Cash	6,472	(4,892)
Change in Cash	996,111	920,650
Cash - Beginning	763,664	246,616
Cash - Ending	1,759,775	1,167,266
Non-Cash Financing Activities		
Financing from purchase of equipment	92,000	-
Supplemental Disclosures		
Interest paid	32,957	14,050

See accompanying notes to the consolidated financial statements.

VendTek Systems Inc.

Notes to Consolidated Financial Statements
January 31, 2007 and 2006

1. Basis of Presentation

The unaudited interim consolidated financial statements for the quarter ended January 31, 2007, should be read in conjunction with the audited consolidated financial statements of VendTek Systems Inc. ("the Company") for the year ended October 31, 2006. These interim financial statements conform in all material respects to the requirements of Canadian generally accepted accounting principles for interim financial statements.

2. Summary of Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods as the consolidated financial statements for the year ended October 31, 2006.

3. Long-term Debt

Long-term debt relates to the purchase of point-of-sale equipment made by the Company and financed over two years, unsecured with imputed interest at a weighted average rate of 24%.

Minimal annual repayments of indebtedness are as follows:

October 31, 2007	\$ 272,698
October 31, 2008	21,776
	<u>\$ 294,474</u>

4. Share Capital

a) Issued and Outstanding

	3 months ended January 31, 2007		3 months ended January 31, 2006	
	Number of shares	\$000's	Number of shares	\$000's
100,000,000 Authorized:				
Common shares Issued				
Balance, beginning of period	41,883,483	\$6,804	34,151,496	\$5,153
Stock options exercised	225,000	45	-	-
Warrants exercised	-	-	15,000	3
Subscriptions received	957,436	335	-	-
Subscriptions receivable	-	(20)	-	-
Balance, end of period	43,065,919	\$7,164	34,166,496	\$5,156

During October 2006, the Company arranged for a private placement of 1,428,571 common shares for net proceeds of \$490,000. Of this amount, \$335,100 was received November 8, 2006 and, accordingly, was reflected as a subscription receivable at October 31, 2006.

During January 2007, the Company arranged shares to be issued upon exercise of 225,000 options of common shares for net proceeds of \$45,000. Of this amount, \$20,000 was not received until March 19, 2007, and is reflected as a subscription receivable at January 31, 2007.

VendTek Systems Inc.

Notes to Consolidated Financial Statements
January 31, 2007 and 2006

b) Contributed Surplus

A summary of contributed surplus is as follows:

	Quarters Ended January 31	
	2007	2006
Balance, beginning	\$ 438,525	\$ 147,900
Stock-based compensation	143,042	66,972
Fair value of expired warrants	34,000	-
Balance, ending	\$ 615,567	\$ 214,872

The Company reclassified the fair value of expired warrants from share capital.

c) Stock Options

The Company has a stock option plan (the "Plan") whereby it may grant up to 6,843,299 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, 2006	3,973,000	\$0.20
Granted	2,800,000	\$0.59
Exercised	(225,000)	\$0.20
Balance, January 31, 2007	6,548,000	\$0.37

The following table summarizes information about share options outstanding at January 31, 2007:

Range of Exercise Prices (\$)	Weighted Average Remaining Contractual Life (Years)	Options Outstanding		Options Exercisable	
		Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
0.20 – 0.40	2.68	3,748,000	\$0.20	3,282,000	\$0.20
0.41 – 0.60	4.79	2,000,000	\$0.53	1,700,000	\$0.51
0.61 – 0.75	4.75	800,000	\$0.75	800,000	\$0.75
	3.23	6,548,000	\$0.37	5,782,000	\$0.49

During the three month period ended January 31, 2007, 2,800,000 options were granted under the Plan. The weighted average remaining contractual life of options outstanding as of January 31, 2007 was 3.23 years (2005 – 2.55 years).

The fair value of each option is estimated as at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	January 31, 2007
Risk free interest rate	3.85%
Expected life	5 years
Expected volatility	117%
Expected dividends	-
Fair value per share option granted	0.35

VendTek Systems Inc.

Notes to Consolidated Financial Statements

January 31, 2007 and 2006

During the three months ended January 31, 2007, the Company paid rent of \$11,317 (2006-\$18,468) to a company in which a director has a minority equity interest. On November 1, 2006, the Company signed a three-year lease which expires on October 31, 2009. In addition to minimum lease payments of \$3,772 per month, the facility lease requires payment of a proportionate share of taxes and strata fees. 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.

Minimum annual facility lease payments are as follows for the years ending October 31:

2007	\$	67,975
2008		67,975
2009		67,975
	\$	203,925

6. Segmented Information

The Company operates in one industry and two geographic segments, being Canada and Asia. The accounting policies of the segments are the same as those described in Note 2.

	Now Prepay Corp. \$	Canada VendTek Systems/ VendTek Industries \$	Total \$	Asia VendTek Technologies/ VendTek Asia Pacific \$	Total \$
Q1 2007					
Revenue	16,126,281	266,005	16,392,286	22,254	16,414,540
Amortization	37,530	40,761	78,291	2,206	80,497
Segment operating earnings (loss)	151,976	130,835	282,811	(14,993)	267,818
Segment assets	5,430,552	672,125	6,102,677	89,707	6,192,384
Q1 2006					
Revenue	12,733,736	83,385	12,817,121	6,969	12,824,090
Amortization	21,578	13,157	34,735	1,452	36,187
Segment operating earnings (loss)	278,195	(147,363)	130,832	(36,986)	93,846
Segment assets	147,975	149,156	297,131	45,155	342,286

7. Comparative Figures

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