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News Release

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**ESI ENTERTAINMENT SYSTEMS INC ANNOUNCES
FISCAL 2009 SECOND QUARTER FINANCIAL RESULTS**

BURNABY, B.C. October 14, 2008- ESI Entertainment Systems Inc. ("ESI" or the "Company") (TSX: ESY) reported today its financial results (unaudited) for fiscal Q2 2009 ended August 31, 2008. (All dollar amounts reported in Canadian funds)

Consolidated financial highlights for the quarter include (Q2 2009 compared to Q2 2008):

- Revenue for the three months to August 31, 2008, increased from \$682,186 to \$742,294 +9% - over the comparative period in the prior year;
- Revenue for the six months to August 31, 2008 increased from \$1,457,765 to \$1,611,682 +10% - over the comparative period in the prior year;
- Gross Profit for the three months to August 31, 2008, decreased from \$29,371 to (\$59,576) (302%) - over the comparative period in the prior year;
- Gross Profit for the six months to August 31, 2008, decreased from \$308,875 to \$102,120 (67%) - over the comparative period in the prior year;
- Net loss for the three months to August 31, 2008, decreased from \$2,641,646 to \$1,546,737 (46%) - in the comparative period in the prior year;
- Net loss for the six months to August 31, 2008, decreased from \$5,173,237 to \$2,859,097 (49%) - over the comparative period in the prior year.

We are pleased to present our results for the second quarter ended August 31, 2008.

The Company and its subsidiary Citadel Commerce concluded an agreement with the US Department of Justice (DOJ) in June 2008. In so doing, Citadel became one of only two payment processors to have reached a settlement with US prosecutors thus enabling it to move forward to provide its services to merchants outside the USA. In September 2008 Citadel was audited by FTI Consulting to provide assurance to the DOJ that it is adhering to the terms of the agreement. The audit and report to the DOJ was completed successfully. The second and final report and audit will occur in December 2009.

The financial impact of the settlement required the Company to find immediate funding and we were fortunate to obtain a US \$2 million loan in June 2008. The terms of the loan required the first repayment of US \$1 million during December 2008 thus providing the Company with six months to establish alternative funding sources.

The Company has focused tightly upon its best opportunities to re-ignite the Company's growth. The best opportunity to provide significant growth is the Company's Rapid and Instant Internet Banking service provided by Citadel. Given this strategy, the Board decided to divest its ESI Integrity subsidiary. The company has signed a Letter of Intent with a US-based company that intends to acquire ESI Integrity for US \$2 million, thus allowing the Company to repay the US \$2 million loan and again become debt free.

While ESI Integrity has slightly decreased its resource levels, the Company has re-structured to significantly reduce the costs of its Citadel subsidiary. The Citadel Costa Rica office has been closed and the Citadel Vancouver personnel have been reduced by 85% since the cessation of Citadel's USA facing business between October 2007 and January 2008. Citadel now has a key core team that contains individuals with the ability to function well in multiple roles and retain the experience and expertise to re-grow the Company. A reflection of this is the promotion of Ian Franks, our Director of Finance, who after working with the Company for many years has accepted the role of Chief Financial Officer.

Citadel is working on a number of corporate transactions of which two are expected to conclude during the coming quarter. However the main thrust has been to conclude agreements with major merchants for use of our Internet Banking service. Many such agreements have been successfully concluded and some merchants are beginning to use the new service; it is still too early to state that the previous high growth rates will be achieved.

With changes to the Company's business and the worldwide impact of the sub-prime crisis in the USA, markets have been depressed and our share price has been at an all time low. This has resulted in the TSX notifying the Company that it has until January to improve its share performance or risk delisting from the main board. Management is working to provide the renewed revenue growth which once achieved could provide the catalyst for renewed support of the stock and allow the Company to maintain its TSX listing. Should this be achieved, management will seek additional funding to provide the time to achieve profitability and renewed growth.

The past year has required a good deal of hard work to move beyond the set-backs brought about by the loss of Citadel's USA facing business. But this has now been achieved and the possibility of a successful renewal now exists. The Board and employees remain committed to bringing the Company through the final stages of the turnaround and will do everything possible to create a successful outcome.

"Anthony Greening"
Chairman & CEO

"Michael Meeks"
President

Financial Review

Total revenue increased by +9% to \$742,294 for the three months ended August 31, 2008 from \$682,186 for the three months ended August 31, 2007.

Product development expenses were \$91,129 and \$207,778 during the three and six months ended August 31, 2008 respectively, a decrease of (76%) and (76%) respectively compared to \$379,807 and \$854,956 for the three and six months ended August 31, 2007. The decrease is mainly related to the reduced software development work on ESI Integrity products and the focus on the European and general e-commerce markets.

Sales, marketing and customer service expenses were \$211,243 and \$476,843 during the three and six months ended August 31, 2008 respectively, a decrease of (42%) and (41%) respectively compared to \$366,773 and \$808,456 for the three and six months ended August 31, 2007. The decrease is primarily related to the reduction of staff in sales and marketing and customer service due to the cessation of the financial processing business for non-domestic internet gaming merchants for US consumers.

General and administrative expenses were \$1,047,170 and \$1,972,218 during the three and six months ended August 31, 2008 respectively, representing a decrease of (25%) and (20%) compared to \$1,395,032 and \$2,468,937 for the three months and six months ended August 31, 2007. This decrease resulted from a reduction of staff due to the cessation of the financial processing business for non-domestic internet gaming merchants for US consumers.

Amortization expenses were \$124,742 and \$294,127 during the three month and six month periods ended August 31, 2008, respectively, a decrease of (38%) and (29%) compared to \$201,086 and \$412,702 for the corresponding periods ended August 31, 2007. 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, 2008 were \$1,546,737 (\$0.08 net loss per share – basic and diluted) and \$2,859,097 (\$0.15 net loss per share – basic and diluted) compared to net loss of \$2,641,646 (\$0.14 net loss per share – basic and fully diluted) and \$5,173,237 (\$0.27 net loss per share- basic and fully diluted) for the prior comparative periods.

Since August 31, 2008, the Company has entered into a Letter of Intent to divest its interest in ESI Integrity Inc. Under terms of the Letter of Intent, ESI Integrity Inc. and all of its assets, contracts and resources will be sold for a consideration of US \$2 million. ESI Entertainment Systems Inc will use these funds to immediately reduce its debt obligations. It is anticipated that a formal Agreement of Purchase and Sale will be entered into during October 2008, with Closing to follow as soon thereafter as practicable. Closing of the proposed transaction will be subject to the terms of the formal Agreement, including due diligence, and will be subject to all relevant regulatory and other consents and approvals.

Consolidated Balance Sheets

(expressed in Canadian dollars)

	August 31, 2008 (unaudited)	February 29, 2008 (audited)
Assets		
Cash and cash equivalents	\$ 1,988,543	\$ 3,042,463
Accounts receivable	815,861	1,111,215
Prepays and Other	673,410	444,575
	<u>3,477,814</u>	<u>4,598,253</u>
Citadel processing accounts	2,619,605	1,219,205
Property and equipment	457,782	718,869
Deferred contract costs	1,177,257	1,116,461
	<u>5,254,648</u>	<u>3,054,535</u>
	<u>\$ 7,732,458</u>	<u>\$ 7,652,788</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 717,385	\$ 820,492
Loan Payable	2,068,480	-
Capital lease obligations	65,784	214,715
Deferred revenue	1,274,893	706,773
	<u>4,126,542</u>	<u>1,741,980</u>
Citadel processing liabilities	2,619,605	1,530,705
Deferred revenue	1,388,777	1,923,472
Capital lease obligations	30,684	30,684
	<u>4,038,966</u>	<u>3,484,861</u>
	<u>8,165,608</u>	<u>5,226,841</u>
Shareholders' Equity		
Capital stock	9,963,885	9,957,959
Warrants	-	5,926
Contributed surplus	4,092,247	4,092,247
Deficit	(14,489,282)	(11,630,185)
	<u>(433,150)</u>	<u>2,425,947</u>
	<u>\$ 7,732,458</u>	<u>\$ 7,652,788</u>

On behalf of the Board

"Tony Greening" Director
Tony Greening

"Michael Meeks" Director
Michael Meeks

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

(expressed in Canadian dollars)

(unaudited)	Three Months Ended August 31, 2008		Six Months Ended August 31, 2008	
	2008	2007	2008	2007
Revenues	\$ 742,294	\$ 682,186	\$ 1,611,682	\$ 1,457,765
Direct costs	<u>801,870</u>	<u>652,815</u>	<u>1,509,562</u>	<u>1,148,890</u>
Gross profit	<u>(59,576)</u>	<u>29,371</u>	<u>102,120</u>	<u>308,875</u>
Operating expenses				
Product development	91,129	379,807	207,778	854,956
Sales, marketing and customer service	211,243	366,773	476,843	808,456
General and administrative	1,047,170	1,395,032	1,972,218	2,468,937
Amortization of property and equipment	<u>124,742</u>	<u>201,086</u>	<u>294,127</u>	<u>412,702</u>
	<u>1,474,284</u>	<u>2,342,698</u>	<u>2,950,966</u>	<u>4,545,051</u>
Earnings before under noted items	(1,533,860)	(2,313,327)	2,848,846	(4,236,176)
Other expenses (income)				
Foreign exchange loss (gain)	123	358,874	5,883	1,100,912
Interest income	(13,254)	(68,833)	(28,205)	(225,774)
Interest expense	<u>24,301</u>	<u>21,217</u>	<u>30,866</u>	<u>44,862</u>
Earnings before income taxes and non-controlling interest	<u>(1,545,030)</u>	<u>(2,624,585)</u>	<u>(2,857,390)</u>	<u>(5,156,176)</u>
Provision for income taxes				
Current	<u>1,707</u>	<u>17,061</u>	<u>1,707</u>	<u>17,061</u>
	<u>1,707</u>	<u>17,061</u>	<u>1,707</u>	<u>17,061</u>
Net loss and comprehensive loss	<u>\$ (1,546,737)</u>	<u>\$ (2,641,646)</u>	<u>\$ (2,859,097)</u>	<u>\$ (5,173,237)</u>
Loss per share				
Basic	\$ (0.08)	\$ (0.14)	\$ (0.15)	\$ (0.27)
Diluted	(0.08)	(0.14)	(0.15)	(0.27)
Retained earnings (deficit), beginning of period	\$ (11,630,185)	\$ (6,961,375)	\$ (11,630,185)	\$ (4,429,784)
Net loss	<u>(1,546,737)</u>	<u>(2,641,646)</u>	<u>(2,859,097)</u>	<u>(5,173,237)</u>
Retained earnings (deficit), end of period	<u>\$ (13,176,923)</u>	<u>\$ (9,603,021)</u>	<u>\$ (14,489,282)</u>	<u>\$ (9,603,021)</u>

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)	Three Months Ended August 31,		Six Months Ended August 31,	
	2008	2007	2008	2007
Cash flows provided by (used in)				
Operating activities				
Net Loss	\$ (1,546,737)	\$ (2,641,646)	\$ (2,859,098)	\$ (5,173,237)
Items not affecting cash:				
Stock-based compensation	-	102,954	-	178,170
Amortization of property and equipment	124,742	201,086	294,127	412,702
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	72,514	(366,415)	294,462	(384,571)
Prepays	(96,219)	(43,865)	(228,835)	(73,377)
Allowance for bad debts	-	-	(310,608)	(807,500)
Accounts payable and accrued liabilities	(38,730)	(182,700)	(103,107)	(480,330)
Deferred revenue	(12,430)	41,381	33,425	769,672
Deferred contract costs	34,775	(211,571)	(60,796)	(404,108)
	<u>(1,495,124)</u>	<u>(3,100,776)</u>	<u>(2,973,469)</u>	<u>(5,962,579)</u>
Investing activities				
Acquisition of property and equipment	-	(18,891)	-	(94,265)
Restricted cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,903</u>
	<u>-</u>	<u>(18,891)</u>	<u>-</u>	<u>1,006,638</u>
Financing activities				
Loan payable	2,068,480	-	2,068,480	-
Capital lease payments	(55,044)	(86,037)	(148,931)	(169,337)
Software license obligation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,917)</u>
	<u>2,013,436</u>	<u>(86,037)</u>	<u>1,919,549</u>	<u>(179,254)</u>
Increase (Decrease) in cash and cash equivalents	518,311	(3,205,704)	(1,053,920)	(5,135,195)
Cash and cash equivalents, beginning of period	<u>1,470,232</u>	<u>7,524,210</u>	<u>3,042,463</u>	<u>9,453,701</u>
Cash and cash equivalents, end of period	<u>\$ 1,988,543</u>	<u>\$ 4,318,506</u>	<u>\$ 1,988,543</u>	<u>\$ 4,318,506</u>
Supplemental information				
Interest received	\$ 13,254	\$ 43,217	\$ 28,204	\$ 117,185
Interest paid	24,301	21,217	30,515	52,694

About ESI Entertainment Systems Inc.

ESI Entertainment Systems Inc. ("ESI") (TSX: ESY) provides products and services to the international gaming and e-commerce industries through its three principal subsidiaries, Citadel Commerce Corp., ESI Integrity Inc. and PlayLine Inc. ESI's products and services, which primarily consist of payment processing, transaction monitoring and turnkey gaming platforms, are deployed in the on-line and land based gaming and e-commerce markets.

Forward- looking Statements

This news release contains 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 Forms 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 Toronto Stock Exchange does not accept responsibility for this press release.

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