

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: ESI ENTERTAINMENT SYSTEMS INC. (the "Issuer").

Trading Symbol: ESY

Number of Outstanding Listed Securities: 14,234,727

Date: October 1, 2010

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

During September 2010 the Issuer continued to develop its two principal lines of operation: the Citadel division which provides payment processing services and the Integrity division which designs and installs real-time transaction monitoring services in the regulated gaming field.

2. Provide a general overview and discussion of the activities of management.

Management continues to follow leads to expand business opportunities for both of the Company's principal operating divisions. Both divisions continued to provide steady results while maintaining vigilance on expenditures.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

No new products were developed or offered during September 2010.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

No products or services were discontinued during September 2010.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

The Company continues to seek alliances with clients and customers for both its principal operating divisions. No material new relationships were entered during September 2010.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None

8. Describe the acquisition of new customers or loss of customers.

None

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None

11. Report on any labour disputes and resolutions of those disputes if applicable.

None

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

The Company is continuing with its litigation against Cook Systems LLC and Randolph Cook in Florida. During February 2010 the Company filed a claim for US\$ 5,695,029.22 as a supportable valuation of the IP and assets that have not yet been provided by Cook. This claim is in addition to the US\$ 695,029.22 awarded to Citadel against Cook Systems on August 29 2009 for development and associated costs.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Options	1,414,000	Issued on September 1 at \$0.05	No proceeds received
	None		

(1) State aggregate proceeds and intended allocation of proceeds.

The Company issued 1,414,000 options on 1st September 2010 which may be acquired for \$0.05 each after vesting. The result of this issuance is a total of 1,559,000 options outstanding and 1,209,750 available in the ESOP pool for allotment. The Company received no proceeds as a result of this issuance.

15. Provide details of any loans to or by Related Persons.

None

16. Provide details of any changes in directors, officers or committee members.

None

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The Company continues to be subject to influences flowing from the global economic slow-down which may lead to a drop in potential customer demand for its products. Notwithstanding that influence, the Company's offerings continue to show positive growth potential.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: October 4, 2010.

Anthony B. Greening

Name of Director or Senior Officer

"Tony Greening"

Signature

Chairman/C.E.O.

Official Capacity

<i>Issuer Details</i> Name of Issuer:	For Month End:	Date of Report YY/MM/D
ESI Entertainment Systems Inc.	September 30, 2010	10/10/01
Issuer Address 4720 Kingsway, Suite 1018,		
City/Province/Postal Code:	Issuer Fax No.	Issuer Telephone No.
Burnaby, BC V5H 4M2	(604) 299-3984	(604) 299-6922
Contact Name:	Contact Position:	Contact Telephone No.
Anthony B. Greening	Chairman/CEO	(604) 299-6922 x 298
Contact Email Address: tgreening@esi.ca	Web Site Address www.esi.ca	