

PRESS RELEASE

Of interest to editors and journalists covering:
Business/Finance, Investments, Computing Hardware, Gaming Industry

QI Systems and Cyberdyne Gaming Form Strategic Partnership

RICHMOND, BC and PHOENIX, AZ - May 4, 2004 /Send2Press Newswire/ -- Mr. Steven R. Garman, President and CEO of QI Systems Inc. (TSX: QII.U, OTC BB: QIIIF) of Richmond, BC, Canada (a leader in smart card solutions), and Mr Phil Lulek, CEO of Cyberdyne Gaming, Inc. of Phoenix, Arizona (a premier provider of gaming equipment), are pleased to announce that a multi-part strategic partnership agreement has been signed by the two companies. The agreement includes provisions for each company to distribute products of the other partner and is expected to create substantial new market opportunities for both companies.

Effective immediately Cyberdyne Gaming, Inc. (www.cyberdynegaming.com) is appointed as a preferred distributor of QI smart card and stored value products for the U.S. gaming industry. Products included within the distributorship encompass QI stored value and secure ID chip cards, SmartKit card payment terminals, SmartKit Console value stations, networking technology and card management software.

Cyberdyne Gaming is a provider of a full featured line of gaming products including extensive offerings in both Class 2 and Class 3 gaming devices. Cyberdyne is integrating QI SmartKit payment terminals into their gaming machines and will now offer to the marketplace the next generation of cashless gaming systems. Similar in concept to Ticket In / Ticket Out (TITO), the new system uses QI stored value technology to transfer funds to and from the gaming machines. The system also offers secure ID features for player tracking, loyalty and reward programs. Cyberdyne reports strong interest in the smart card products after recently introducing gaming machines incorporating QI SmartKit terminals at the Bingo World and the AMOA conventions in Las Vegas.

"Cyberdyne's management and engineering teams have been technology leaders and innovators in the gaming industry for 24 years," said Cyberdyne's Phil Lulek. "This agreement and these products will continue our tradition of bringing exciting new products and technical innovation to the industry."

Effective immediately QI Systems (www.qisystems.ca) is appointed as a preferred distributor of Cyberdyne gaming products for Canada. QI will offer to the market complete gaming systems of machines incorporating cashless operation using QI smart card technology. It is further agreed that in addition to the initial focus on the Canadian market QI shall also pursue similar opportunities in other markets.

QI's CEO Steve Garman commented: "QI has been actively developing relationships within the gaming industry and we are extremely pleased to partner with a company of Cyberdyne's depth. The gaming industry offers huge opportunities for our cutting edge smart card applications and with the Cyberdyne relationship we now are able to provide the industry with a complete suite of gaming devices and payment technology."

"This relationship represents a paradigm shift in the scope of near term business opportunities available to QI," said Richard Murray, VP of Business Development at QI Systems. "Cyberdyne brings to the partnership an established product line and a wealth of experience in the gaming industry. We are very excited to be working with them to develop new markets."

Further details will be announced shortly as the companies proceed with technical integration and with aggressive new sales and marketing initiatives.

QI Systems Inc. designs hardware and software for the smart card industry, supplying top-to-bottoms applications for a wide variety of industries. QI

Systems Inc. has a high level of expertise in delivering stored value solutions for specialized needs.

Matters discussed in this press release are "forward-looking statements" and are subject to certain risks and uncertainties. Consider all risk factors carefully when evaluating forward looking statements as actual results may differ materially from those expressed herein. QI Systems is protected from litigation regarding forward looking statements and undertakes no obligation to publicly update such forward-looking statements.

The TSX Venture Exchange does not accept responsibility for the adequacy of this news release and has not investigated the validity of these claims.

Approved on behalf of the Board

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