

## Cyberplex (CX) reports largest quarterly revenue in company history

### *Aggressive business practices confirm Cyberplex's strength in eCommerce industry*

TORONTO, CANADA (May 18, 2000) -- Cyberplex, Inc. (TSE:CX), one of North America's leading Internet professional service firms today announced first quarter revenue of more than \$11.1 million, making this the largest quarterly revenue figure ever reported in the Company's history. This represents an increase of 185 per cent over the first quarter of fiscal 1999. In addition, the Company realized an operating profit (EBITDA) of over \$1.4 million and a gross margin of 59 per cent for the quarter.

Cyberplex also reported an increase in revenue of 57 per cent over the fourth quarter last year and maintains its operational profitability. The Company reported that 53 per cent of its first quarter revenue came from the US with European revenue representing 21 per cent.

"In addition to running top line operations, our increased exposure and drive in the US and European markets has allowed us to continue our aggressive growth," said Geoffrey Rotstein, chief financial officer of Cyberplex. "CX's focus on the fundamentals of our core business has enabled us to build a strong organization that is well poised for future growth."

Cyberplex stormed into the first quarter with the acquisition I-Socket Web Creative, a full service Web development company based in Sausalito, California. The acquisition added 32 new members to the Cyberplex team, increasing the company's numbers to more than 300 of the most experienced and talented professionals in the industry. This significant presence in Silicon Valley helps to build the Cyberplex brand amongst the opinion leaders in the marketplace and firmly establishes the Company as a competitive force in this strategic market.

Cyberplex closed the quarter with the acquisition of ProCure.com Inc., an established application service provider (ASP). The strategic acquisition enhanced Cyberplex's delivery capabilities increasing their leadership position in the B2B marketplace, and created a platform for Cyberplex's future ASP client applications. The acquisition complemented Cyberplex's professional services business with a transaction and recurring revenue business model.

"We have been successful in identifying strategic partners and acquisitions to add to our portfolio of offerings in advance of our customers needs," said Dean Hopkins, chief executive officer of Cyberplex. "We will continue our aggressive US penetration, while keeping a close eye on the European marketplace."

Cyberplex continues its strong financial and project management control, as it continues to win new engagements and grow existing relationships with clients, like the \$4 million US Internet partner-of-record deal announced in April with Handspring Inc., a leading innovator of handheld computers based out of Mountain View, California.

"The commitment and respect we receive from our clients has helped us continue to build a strong and competitive business," said Vernon Lobo, chairman of Cyberplex. "We will continue to focus on hiring the best people and win the best client projects to ensure we maintain our status as one of North America's leading Internet professional services firms."

### **About Cyberplex**

Cyberplex is one of North America's leading Internet professional services companies helping business leaders deliver measurable results with one-stop Internet solutions. With blue chip clients including Dell, Handspring, Cisco Systems Inc. and 3M, Cyberplex is frequently the firm of choice for large and complex Internet-based business solutions. Cyberplex's integrated approach fuses management consulting and marketing strategies with cutting-edge technologies and award-winning multimedia creative to build Internet solutions that deliver sustainable business results. Headquartered in Toronto, Cyberplex has offices in Austin, Boston, Charlotte, Halifax, San Diego, San Francisco and Waterloo. Cyberplex is publicly traded on the Toronto Stock Exchange under the symbol (TSE:CX).  
[www.cyberplex.com](http://www.cyberplex.com)

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**CONSOLIDATED BALANCE SHEETS**

	as at March 31, 2000 (unaudited)	as at Dec. 31, 1999
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$21,576,304	\$26,721,670
Accounts receivable	11,913,679	7,041,965
Income taxes recoverable	-	103,208
Prepaid expenses and sundry assets	595,004	603,775
Work in progress	1,399,310	307,666
<b>TOTAL CURRENT ASSETS</b>	<b>35,484,297</b>	<b>34,778,284</b>
Net Capital assets and other assets	18,244,747	5,288,502
Goodwill	34,753,296	5,813,798
<b>TOTAL ASSETS</b>	<b>\$88,482,340</b>	<b>\$45,880,584</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$5,419,835	\$4,445,690
Current portion of obligations under capital leases	442,248	305,963
Current portion of deferred lease inducements	207,776	-
Unearned revenue	434,351	336,776
Income taxes payable	534,845	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,039,055</b>	<b>5,088,429</b>
Note payable	14,777,597	-
Other long term liabilities	6,403,596	554,191
	28,220,248	5,642,620
Shareholders' equity	60,262,092	40,237,964
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$88,482,340</b>	<b>\$45,880,584</b>

**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**

	Three months ended March 31, 2000 (unaudited)	Three months ended March 31, 1999 (unaudited)
Revenue	\$11,170,047	\$3,920,706
Direct costs	4,627,282	1,897,458
<b>Gross margin</b>	<b>6,542,765</b>	<b>2,023,248</b>
Expenses:		
Sales and marketing	1,338,599	507,251
General and administrative	3,469,002	1,369,646
Research and development	-	130,564
Amortization:		
Capital assets	309,982	120,389
Goodwill	301,601	102,068
Software development costs	6,771	10,868
	5,425,955	2,240,786
Income (loss) before income taxes	1,116,810	(217,538)
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>\$478,810</b>	<b>(\$119,646)</b>
Retained earnings (deficit) beginning of period	(785,790)	410,950
Retained earning adjustment	(39,000)	-
<b>RETAINED EARNINGS (DEFICIT) END OF PERIOD</b>	<b>(\$345,980)</b>	<b>\$291,304</b>
Weighted average number of common shares	22,348,164	17,705,170
Weighted average number of fully diluted common shares	27,605,277	19,780,170
Basic earnings per share	\$0.021	(\$0.007)
Fully diluted earnings per share	\$0.017	(\$0.006)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Three months ended March 31, 2000
Cash flows from operating activities:	
Net income	\$478,810
Items not involving cash:	
Amortization	618,354
Amortization of deferred lease benefits	7,981
Amortization of deferred lease inducements	(48,958)
Changes in non-cash working capital:	
Accounts receivable	(3,939,917)
Income taxes recoverable	103,208
Prepaid expenses and sundry assets	88,849
Work in progress	(1,091,644)
Accounts payable and accrued liabilities	304,024
Income taxes payable	534,845
Unearned revenue	97,575
Cash used in operating activities	(2,846,873)
Cash flows from financing activities:	
Issue of note payable on acquisition of Procure.com Inc.	14,777,597
Proceeds from stock options exercised	77,608
Proceeds from private stock placement	1,968,750
Cash provided by financing activities	16,823,955
Cash flows from investing activities:	
Additions to capital assets, net	(1,990,567)
Acquisition of Procure.com Inc.	(17,777,597)
Cash received for leasehold improvements	770,908
Business acquisition costs, net of cash acquired	(125,192)
Cash used in investing activities	(19,122,448)
Decrease in cash and cash equivalents	(5,145,366)
Cash and cash equivalents, beginning of year	26,721,670
Cash and cash equivalents, end of period	\$21,576,304
Supplemental disclosures of cash flow information:	
Cash paid for interest	\$32,344
Income taxes paid	0
Supplemental disclosures of non-cash investing and financing activities:	
Acquisition of capital assets through capital leases	\$85,420
Net assets acquired from ProCure.com Inc., net of bank indebtedness acquired (\$37,610)	8,877,039
Net assets acquired from I-Socket Inc., net of cash acquired (\$153,996)	685,614