

Cyberplex Inc.
Consolidated Balance Sheets
As at March 31, 2001 and 2000

	as at March 31, 2001	as at December 31, 2000
	<u>(unaudited)</u>	<u></u>
ASSETS		
Current assets:		
Cash, cash equivalents, and short-term investments	12,660,921	19,022,931
Accounts receivable	7,143,146	7,146,033
Prepaid expenses and sundry assets	837,054	934,295
Work in progress	-	-
Income taxes recoverable	137,836	136,966
Deferred lease benefit - current	131,305	291,327
	<u>20,910,262</u>	<u>27,531,552</u>
Deferred lease benefit - long term	504,146	735,371
Net Capital Assets	12,604,645	12,923,249
Goodwill	20,168,528	20,128,374
TOTAL ASSETS	<u>54,187,582</u>	<u>61,318,547</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	7,964,758	10,777,690
Current portion of obligations under capital leases	1,188,261	1,111,447
Current portion of deferred lease inducements	239,293	239,293
Unearned revenue	920,762	465,028
Note Payable	14,925,597	14,888,597
	<u>25,238,671</u>	<u>27,482,055</u>
Other Long Term Liabilities	4,142,813	4,580,260
	<u>29,381,484</u>	<u>32,062,315</u>
SHAREHOLDERS' EQUITY		
Commitment to issue capital stock	2,668,241	2,668,241
Capital Stock	59,296,329	58,254,831
Deficit	(37,158,472)	(31,666,840)
	<u>24,806,098</u>	<u>29,256,232</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>54,187,582</u>	<u>61,318,547</u>

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Cyberplex Inc.
Consolidated Statements of Operations
For the 3 month periods ended March, 2001 and 2000

	<u>Quarter ended</u> <u>March 31, 2001</u>		<u>Quarter ended</u> <u>March 31, 2000</u>	
Professional Services Revenue	6,924,712		11,170,047	
Managed Services Revenue	367,306		0	
Total Revenue	<u>7,292,018</u>		<u>11,170,047</u>	
Professional Services Direct Costs	3,890,965		4,627,282	
Managed Services Direct Costs	538,394		0	
Total Direct Costs	<u>4,429,359</u>		<u>4,627,282</u>	
Professional Services Gross Margin	3,033,747	43.8%	6,542,765	58.6%
Managed Services Gross Margin	(171,088)	-46.6%	0	
Total Gross Margin	<u>2,862,659</u>	<u>39.3%</u>	<u>6,542,765</u>	<u>58.6%</u>
EXPENSES				
Sales and Marketing expenses	1,585,344	22.9%	1,338,599	12.0%
General and Administrative expenses	2,412,298	34.8%	3,784,463	33.9%
Managed Services expenses	1,609,028		0	
	<u>5,606,670</u>		<u>5,123,062</u>	
EBITDA Professional Services, before the undernoted item	(963,895)	-13.9%	1,419,703	12.7%
Write-down of short-term investment	451,020		0	
EBITDA Professional Services	(1,414,915)		1,419,703	
EBITDA Managed Services	(1,780,116)		0	
EBITDA Total	(3,195,031)		<u>1,419,703</u>	
Amortization - Capital assets	818,649		316,753	
Amortization - Goodwill	974,915		301,601	
	<u>1,793,564</u>		<u>618,354</u>	
EBIT	(4,988,595)		<u>801,349</u>	
Interest income	37,623		347,805	
Interest on Long Term Debt	540,660		32,344	
INCOME BEFORE TAXES	(5,491,632)		1,116,810	
PROVISION FOR INCOME TAXES	<u>0</u>		<u>638,000</u>	
NET INCOME	(5,491,632)		<u>478,810</u>	
Deficit - Beginning of the Period	(31,666,840)		(785,790)	
Adjustment to Opening Retained Earnings	<u>0</u>		<u>(39,000)</u>	
Deficit - End of Period	(37,158,472)		(345,980)	
Weighted average number of common shares	24,422,950		22,348,164	
Basic and fully diluted earnings per share	\$ (0.22)		\$ 0.02	

Cyberplex Inc.
Consolidated Statements of Cash Flows
For the 3 month periods ended March 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Net Income (Loss)	(5,491,632)	478,810
Items not involving cash		
Amortization	1,793,564	618,354
Unrealized foreign exchange gain	(337,425)	0
Amortization of deferred lease benefit	-	7,981
Amortization of lease inducements	(64,554)	(48,958)
Accretion of interest	37,000	0
Changes in non-cash working capital		
Accounts receivable	(309,371)	(3,939,918)
Prepaid expenses and sundry assets	97,241	88,849
Accounts payable and accrued liabilities	(2,699,896)	304,024
Income taxes recoverable	(870)	103,208
Work in Progress	-	(1,091,644)
Income taxes payable	-	534,845
Unearned revenue	455,734	97,575
	<u>(6,520,209)</u>	<u>(2,846,874)</u>
Cash flows from financing activities		
Cash received for leasehold inducements	391,247	770,908
Proceeds from stock options exercised	26,429	77,608
Proceeds from private stock placement	-	1,968,750
Principal payments under capital leases	(296,079)	0
	<u>121,597</u>	<u>2,817,266</u>
Cash flows from investing activities:		
Additions to capital assets, net	(500,045)	(1,990,567)
Acquisition of Procure.com	-	(3,000,000)
Business acquisition costs, net of cash acquired	-	(125,192)
	<u>(500,045)</u>	<u>(5,115,759)</u>
Foreign exchange gain on cash held in foreign currency	536,647	0
Change in cash and cash equivalents	(6,362,010)	(5,145,366)
Cash, beginning of the period	<u>19,022,931</u>	<u>26,721,670</u>
Cash, end of the period	<u><u>12,660,921</u></u>	<u><u>21,576,304</u></u>

Cyberplex Inc.
Notes to Consolidated Financial Statements
For the three month period ended March 31, 2001
(unaudited)

1. Nature of business:

The Company, through its subsidiaries, is in the business of designing and delivering Internet strategies and solutions to corporate and institutional clients and providing managed services.

2. Significant accounting policies:

The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principals for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2000. The unaudited interim consolidated financial statements are based upon accounting principals consistent with those used and described in the annual consolidated financial statements.

The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary to present fairly the financial position of the Company as of March 31, 2001 and 2000 and the results of operations and cash flows for the three months ended March 31, 2001 and 2000. Interim results are not necessarily indicative of results for a full year.

3. Outstanding Shares

As of March 31, 2001, there were options and warrants outstanding to acquire 1,733,958 and 580,000 common shares of the Company.

4. Segmented Information:

The Company has reviewed its operations and determined that it operates in two business segments: professional services, which includes Internet strategy consulting and advertising as well as application development work; and managed services, which uses a proprietary ASP platform to enable businesses to effectively manage and process their procurement systems.

The Company's reportable segments are strategic business units that offer different products and services. They are managed and reviewed separately by the Chief Operating Decision Maker because each segment requires different technology, strategic competencies and marketing strategies.

A summary of the Company's two business segments for the three month period ended March 31, 2000 is set out below.

	Professional services	Managed services	Total
Revenue	\$ 6,924,712	\$ 367,306	\$7,292,018
Gross margin	\$ 3,033,747	\$ (171,088)	\$2,862,659
Expenses:			
Sales and marketing	\$ 1,585,344	\$ 288,008	\$1,873,352
General and administrative	2,412,298	668,884	3,081,182
Research and development	–	652,136	652,136
	3,997,642	1,609,028	5,606,670
Amortization	1,029,315	764,249	1,793,564
Identifiable assets	39,773,174	14,414,408	54,187,582
Capital expenditures	476,046	23,999	500,045

Revenue and assets per geographic location are as follows:

	2001	2000
Revenue by geographic location:		
Canada	\$ 2,442,163	\$ 1,452,100
U.S.	4,849,855	7,113,786
Other	-	2,604,161
	\$ 7,292,018	\$11,170,047

	2001	2000
Capital Assets and goodwill by geographic location:		
Canada	\$ 30,483,387	\$40,426,825
U.S.	2,289,786	11,174,828
	\$ 32,773,173	\$51,601,653

In 2001, five customers each represented over 10% of the Company's revenue for the period. These customers cumulatively represented 67% of the Company's revenue for the period and 55% of the Company's accounts receivable. In 2000, one customer accounted for 13% of revenue and 11% of accounts receivable.

5. Subsequent Event:

On April 23, 2001, the Company and LivGroup Investments Ltd. settled the promissory note with a face value of \$15,000,000 which arose on the acquisition of Procure. In exchange for retiring the promissory note, the Company agreed to:

- (a) pay cash of \$4,000,000;
- (b) Exchange \$6,000,000 of principal plus accrued interest into common shares of the Company at the rate of \$1.75 per share;
- (c) Issue one common share purchase warrant expiring April 1, 2003 with an exercise price of \$2.00 per common share for every five common share issued under (b); and
- (d) Issue a promissory note for \$5,000,000 bearing interest at prime plus 1% due in April 2003, \$2,600,000 of which is convertible into common shares of the Company in certain circumstances at a price of \$4.00 per share.

The terms of the agreement are subject to regulatory approval.