

CYBERPLEX INC.
CONSOLIDATED BALANCE SHEETS

	<u>as at December 31, 2001 (unaudited)</u>	<u>as at December 31, 2000 (unaudited)</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,550,302	\$ 5,472,662
Short-term investments	2,596,917	13,550,269
Accounts receivable, net of allowance for doubtful accounts of \$350,741 (2000 - \$1,307,044)	1,590,282	7,146,033
Note receivable	600,000	-
Income taxes recoverable	237,377	136,965
Prepaid expenses and sundry assets	320,627	934,295
Current portion of deferred lease benefit	85,725	291,327
	<u>8,981,230</u>	<u>27,531,551</u>
Capital Assets	3,550,097	12,923,249
Goodwill	-	20,718,836
Long-term portion of deferred lease benefit	34,290	735,373
	<u>3,584,387</u>	<u>13,677,458</u>
TOTAL ASSETS	<u>\$ 12,565,617</u>	<u>\$ 61,909,009</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 4,122,747	\$ 10,777,690
Current portion of obligations under capital leases	541,613	1,111,447
Current portion of deferred lease inducements	133,577	239,293
Unearned revenue	308,719	465,028
Short-term promissory note payable	-	14,888,597
	<u>5,106,656</u>	<u>27,482,055</u>
Long-term notes payable	4,079,107	-
Obligations under capital leases	196,373	1,527,997
Deferred lease inducements	34,268	2,756,602
Future income taxes	295,662	295,661
Other long-term liabilities	1,724,221	-
	<u>6,329,631</u>	<u>4,580,260</u>
SHAREHOLDERS' EQUITY		
Capital stock	66,589,568	58,861,974
Commitment to issue capital stock	1,774,076	2,651,560
Warrants	473,114	-
Equity component of financial instruments	734,259	-
Deficit	(68,441,687)	(31,666,840)
	<u>1,129,330</u>	<u>29,846,694</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 12,565,617</u>	<u>\$ 61,909,009</u>

CYBERPLEX INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	Three months ended		Year ended	
	December 31, 2001 (unaudited)	December 31, 2000 (unaudited)	December 31, 2001 (unaudited)	December 31, 2000 (unaudited)
Revenue	\$ 2,677,224	\$ 8,696,164	\$ 17,721,472	\$ 45,561,864
Direct Costs	<u>1,352,206</u>	<u>6,437,877</u>	<u>10,511,287</u>	<u>22,240,949</u>
Gross Margin	1,325,018	2,258,287	7,210,185	23,320,915
Sales and marketing expenses	626,412	1,872,009	4,790,560	6,425,424
General and administrative expenses	<u>1,214,224</u>	<u>4,705,254</u>	<u>8,378,845</u>	<u>17,135,549</u>
	1,840,636	6,577,263	13,169,405	23,560,973
EBITDA, before undernoted items	(515,618)	(4,318,976)	(5,959,220)	(240,058)
Amortization - Capital assets	6,393,259	2,497,856	7,920,831	2,694,486
Amortization - Goodwill	81,569	5,487,604	9,321,346	7,917,699
EBIT, before undernoted items	(6,990,446)	(12,304,436)	(23,201,397)	(10,852,243)
Write-down of investment	-	-	(1,098,734)	-
Gain on settlement of long-term note	-	-	2,752,878	-
Restructuring charge	(164,223)	(1,649,793)	(1,268,494)	(1,649,793)
Other expenses	<u>-</u>	<u>(665,454)</u>	<u>-</u>	<u>(665,454)</u>
EBIT	(7,154,669)	(14,619,683)	(22,815,747)	(13,167,490)
Interest income	42,247	238,299	164,651	1,175,575
Interest on long term debt	<u>(123,383)</u>	<u>(904,756)</u>	<u>(1,288,846)</u>	<u>(1,065,128)</u>
LOSS BEFORE TAXES AND DISCONTINUED OPERATIONS	(7,235,805)	(15,286,140)	(23,939,942)	(13,057,043)
PROVISION FOR INCOME TAXES	<u>-</u>	<u>(316,995)</u>	<u>-</u>	<u>(150,000)</u>
LOSS FROM CONTINUING OPERATIONS	(7,235,805)	(14,969,145)	(23,939,942)	(12,907,043)
Loss from discontinued operations	(1,242,936)	(11,867,164)	(4,739,562)	(17,935,007)
Loss on disposal of discontinued operations	997,403	-	(8,095,343)	-
NET LOSS	<u>\$ (7,481,338)</u>	<u>\$ (26,836,309)</u>	<u>\$ (36,774,847)</u>	<u>\$ (30,842,050)</u>
Deficit - Beginning of the Period	(60,960,349)	(4,830,531)	(31,666,840)	(785,790)
Adjustment to Opening Deficit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,000)</u>
Deficit - End of Period	<u>\$ (68,441,687)</u>	<u>\$ (31,666,840)</u>	<u>\$ (68,441,687)</u>	<u>\$ (31,666,840)</u>
Weighted average number of common shares	29,322,062	24,039,912	27,726,524	23,626,439
Basic earnings (loss) per share from continuing operations	\$ (0.25)	\$ (0.62)	\$ (0.86)	\$ (0.55)
Basic earnings (loss) per share	\$ (0.26)	\$ (1.12)	\$ (1.33)	\$ (1.31)

CYBERPLEX
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended	
	December 31, 2001 (unaudited)	December 31, 2000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from continuing operations	\$ (23,939,942)	\$ (12,907,043)
Items not involving cash		
Amortization	17,242,177	10,612,185
Amortization-other	-	267,600
Gain on settlement of Liv Group note	(2,752,878)	-
Loss on rent restructuring	164,223	-
Amortization of deferred lease inducements	(254,225)	-
Write-down of short-term investments	1,098,734	-
Unrealized foreign exchange gain	(128,713)	(39,311)
Non-cash consideration for services rendered	-	(1,184,000)
Accretion of interest	540,477	111,000
Changes in non-cash working capital		
Accounts receivable	5,521,080	(829,075)
Income taxes recoverable	(100,412)	(183,758)
Prepaid expenses and sundry assets	459,830	(410,600)
Work in progress	-	307,666
Accounts payable and accrued liabilities	(7,363,229)	7,084,026
Unearned revenue	(156,309)	128,252
Cash flows from (used in) continuing operating activities	(9,669,187)	2,956,942
Cash flows from (used in) discontinued operations	(2,986,074)	(4,714,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement, net of issue costs	-	1,965,545
Settlement of note payable	(4,043,061)	-
Cash received from leasehold inducements	422,632	2,165,651
Principal payments of obligations under capital leases	(380,334)	(447,526)
Proceeds from stock options exercised	26,743	330,901
	(3,974,020)	4,014,571
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchase (sale) of short-term investments	9,854,618	(12,366,269)
Additions to capital assets	(433,414)	(7,976,485)
Business acquisitions, net of cash acquired	-	(3,055,614)
Proceeds from sale of discontinued operations, net of transaction costs	5,238,778	-
	14,659,982	(23,398,368)
Foreign exchange gain/(loss) on cash held in foreign currency	46,939	(107,545)
Change in cash and cash equivalents	(1,922,360)	(21,249,008)
Cash and cash equivalents, beginning of period	5,472,662	26,721,670
Cash and cash equivalents, end of period	<u>\$ 3,550,302</u>	<u>\$ 5,472,662</u>