



**INVESTOR CONTACT:**

Thomson Financial / Carson  
Erik Knettel, 212-701-1963  
[Erik.knettel@tfn.com](mailto:Erik.knettel@tfn.com)

**For Immediate Release**

**Science Dynamics Corporation Reports First Quarter 2001 Results**

**CHERRY HILL, NJ -- (May 15, 2001) -- Science Dynamics “SciDyn” (NASDAQ: SIDY)**, a developer of Internet Protocol-based (IP) telephony solutions and services, announced today financial results for its first quarter 2001, ended March 31, 2001.

SciDyn’s first quarter 2001 net sales totaled \$194,113, an increase of \$102,891 compared to fourth quarter 2000 sales of \$91,222. This figure compared to net sales of \$1,443,482 in the corresponding first quarter of fiscal 2000. The Company posted a net loss for the first quarter 2001 of \$1,259,835, or (\$0.07) per share, compared with a net loss of \$1,693,774, or (\$0.10) per share in the fourth quarter 2000, and a net gain of \$13,365, or breakeven earnings per share, during the corresponding first quarter of 2000. First quarter 2000 revenue reflects \$ 1,138,530 associated with Cascadent Communications, Inc.

Joy Hartman, President and Chief Executive Officer of SciDyn stated, “In the first quarter, we were able to begin the implementation of several key initiatives designed to bolster our capital structure, enhance our global marketing reach and streamline our operations. We have begun to make inroads with regards to broadening the sales pipeline and diversifying our customer base. To that end, we have continued to seek out opportunities to exhibit our technology. We are currently demonstrating our new Commander II series at the Corrections Technology Association Annual Conference in North Carolina. Our recently announced third generation of Call Control Solutions for our Commander series combines debit calling and complete Web based administration. These advanced capabilities are being demonstrated live and position SciDyn as a premier solution for call control networks of all configurations.”

In the first quarter, SciDyn began a strategic analysis of the financial and human capital that would be necessary to implement the global development and market rollout of SciDyn’s Internet Protocol based telephony solutions. Through this perspective, the company has moved to realign its workforce with those needs. SciDyn has reduced the current staff by 11 percent. The Company continues to focus its resources on engineering and customer service, as these areas are considered essential to SciDyn’s strategy. Parallel to management’s efforts to retool the broader organization, SciDyn is actively looking to hire additional employees in those areas on a selective basis.

Sheldon Hofferma, Chairman, stated, "We remain committed to taking all the measures necessary to create long term shareholder value. The company is currently in the final stages of arranging bridge financing and we expect to announce the results of those efforts shortly. I remain confident that we are implementing the appropriate strategic initiatives to allow SciDyn to exit the current economic slowdown in a position of strength. While telecommunications spending continues to be weak in the United States, we are seeing opportunities in several regions of the global telecommunications marketplace. Our marketing initiatives continue to gain traction in the international markets and we reaffirm our expectations that these efforts will begin to be reflected in our revenues in the second half of 2001."

### **About Science Dynamics Corporation:**

Headquartered in Cherry Hill, New Jersey, Science Dynamics Corporation (SciDyn) is a developer of telecommunications solutions. SciDyn's IP telephony products enable the seamless connection between traditional circuit-switch based networks and the next generation of packet-based networks. Products include: The IntegratorC-2000® series of IP Telephony Gateways; the Commander II Inmate Control phone system (also based on the IntegratorC-2000® architecture) and the VFX-200 series of Video over Frame Relay Access Devices (FRADs). Visit Science Dynamics' website at <http://www.SciDyn.com>.

The Company is making this statement in order to satisfy the "safe harbor" provisions contained in the Private Securities Litigation Reform Act of 1995. This press release includes forward-looking statements relating to the business of the Company. Forward-looking statements contained herein or in other statements made by the Company are made based on management's expectations and beliefs concerning future events impacting the Company and are subject to risks, uncertainties and factors relating to the other factors, which Company's operations and business environment, all of which are difficult to predict and many of which are beyond the control of the Company, that could cause actual results of the Company to differ materially from those set forth above and elsewhere in the Annual Report. The Company may encounter competitive, technological, and financial and business challenges making it more difficult to market its products and services, the impact of which may in matters expressed in or implied by forward-looking statements. Although the Company expects to close upon a loan which will provide working capital shortly, until the loan is closed, there is no guarantee that the Company will receive such funds. If the Company does not receive the funds in the near term it will prevent the Company from continuing to operate at current capacity. The Company believes that the following factors, among others, could turn affect the Company's results of operations and financial position, affect its future performance and cause actual results of the Company to differ materially from those expressed in or implied by forward-looking statements made by or on behalf of the Company: (a) the effect of technological changes; (b) increases in or unexpected losses; (c) increased competition; (d) fluctuations in the costs to operate the business; (e) uninsurable risks; and (f) general economic conditions.

***(Tables Follow)***

**Science Dynamics Corporation and Subsidiary**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	<u>Three months ended March 31,</u>	
	<u>2001</u>	<u>2000</u>
Net sales	\$ <u>194,113</u>	\$ <u>1,443,482</u>
Operating costs and expenses:		
Cost of sales	\$ 136,847	\$ 572,042
Research and development	\$ 420,522	\$ 255,707
Selling, general and administrative	\$ <u>901,217</u>	\$ <u>605,266</u>
Total operating expenses	\$ <u>1,458,586</u>	\$ <u>1,433,015</u>
Operating (Loss) / Income	\$ <u>(1,264,473)</u>	\$ <u>10,467</u>
Other income / expenses:		
Interest income	\$ <u>4,638</u>	\$ <u>2,898</u>
Net (Loss) / Income	\$ <u>(1,259,835)</u>	\$ <u>13,365</u>
Net (Loss) / Income per common share basic and diluted	\$ <u>(0.07)</u>	\$ <u>(0.00)</u>

**Science Dynamics Corporation and Subsidiary  
Balance Sheet**

	<b>March 31, 2001 <u>Unaudited</u></b>	<b>December 31, 2000 <u>Audited</u></b>
Current assets:		
Cash and cash equivalents	\$ 208,126	\$ 1,351,641
Accounts receivable – trade	\$ 92,283	\$ 102,194
Accounts receivable – other	\$ 64,461	\$ 51,401
Inventories	\$ 83,467	\$ 87,623
Other current assets	<u>\$ 103,453</u>	<u>\$ 84,566</u>
Total current assets	<u>\$ 551,790</u>	<u>\$ 1,677,425</u>
Property and equipment, net	\$ 1,012,248	\$ 1,005,364
Intangible assets, net of accumulated amortization of \$1,275,000 in 2001 and \$1,200,000 in 2000	\$ 225,000	\$ 300,000
Other assets	<u>\$ 25,363</u>	<u>\$ 25,363</u>
Total assets	<u>\$ 1,814,401</u>	<u>\$ 3,008,152</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities:		
Current portion of capital lease obligation	\$ 61,353	\$ 57,598
Accounts payable	\$ 354,568	\$ 358,820
Accrued expenses	<u>\$ 206,396</u>	<u>\$ 118,059</u>
Total current liabilities	<u>\$ 622,317</u>	<u>\$ 534,477</u>
Long-term portion of capital lease obligation	<u>\$ 106,657</u>	<u>\$ 128,413</u>
Commitments		
Shareholders' equity –		
Common stock – \$0.01 par value 45,000,000 shares authorized, 17,783,701 and 17,657,901 issued in 2001 and 2000 respectively.	\$ 177,837	\$ 177,837
Additional paid in capital	\$ 14,266,787	\$ 14,266,787
(Deficit)	<u>\$ (12,961,364)</u>	<u>\$ (11,701,529)</u>
	\$ 1,483,260	\$ 2,743,095
Common stock held in treasury, at cost	<u>\$ (397,833)</u>	<u>\$ (397,833)</u>
Total shareholders' equity	<u>\$ 1,085,427</u>	<u>\$ 2,345,262</u>
Total liabilities and shareholders' equity	<u>\$ 1,814,401</u>	<u>\$ 3,008,152</u>