



**INVESTOR CONTACT:**

Thomson Financial / Carson  
Erik Knettel, 212-701-1963  
Erik.knettel@tfn.com

**For Immediate Release:**

**Science Dynamics Corporation Reports Full Year 2000 Results**

**CHERRY HILL, NJ -- (March 30, 2001) -- Science Dynamics "SciDyn" (NASDAQ: SIDY),** a developer of Internet Protocol-based (IP) telephony solutions and services, announced today financial results for fiscal year 2000, ended December 31, 2000.

Science Dynamics fiscal year 2000 net sales totaled \$5,269,377, an increase of \$2,921,393 compared to fiscal year 1999 sales of \$2,347,984. Net sales for the fourth quarter of fiscal 2000 totaled \$91,222 compared to net sales of \$519,425 in the corresponding fourth quarter of fiscal 1999. The Company posted a net loss for fiscal year 2000 of \$1,339,262, or (\$0.08) per share, compared with a net loss of \$2,054,886, or (\$0.12) per share, during fiscal year 1999. Net loss for the fourth quarter or 2000 totaled \$1,693,774, or (\$0.10) per share, compared with a loss of \$675,406, or (\$0.04) per share in the corresponding fourth quarter of 1999.

Joy Hartman, President and Chief Executive Officer of Science Dynamics stated, "As we look back on the year 2000, Science Dynamics made significant strides in extending our suite of telephony solutions while successfully driving full year revenue growth in excess of 120 percent. Starting with the launch of our IP telephony gateway earlier this year we have expanded our product line to span VoIP gateways, Video over Frame Relay and our Commander Inmate Telephone Control System. This robust product suite reflects a solid foundation for future growth. As the cost of bandwidth continues to drop and demand for Internet based voice and video applications continue to develop Science Dynamics is well positioned to provide the telephony infrastructure to empower the new packet based telephony environment."

Entering 2001, Science Dynamics has set in place several strategic objectives to gain penetration in key target markets and put the company back on a solid path to long-term profitability. The company has significantly increased its sales and marketing staff as well as infrastructure to broaden the sales pipeline and diversify our customer base. Secondly, the company is developing specialized offerings to help existing customers migrate legacy applications using circuit switched platforms to leverage the power of the new packet switched paradigm. Science Dynamics has received increased interest for customer upgrades and specialized releases to enable this migration.

Joy Hartman continued, "As we have seen broad economic uncertainty present a challenging environment for the near term, the entire management team at Science Dynamics remains focused on ensuring that the Company exits the current economic slowdown stronger than ever. Our fourth quarter results were negatively impacted by the cancellation of orders caused by the forced receivership of our largest customer. In line with our announcement in early January, no revenue related to Cascadent was booked during the fourth quarter. Looking ahead to 2001, we see the first half of the year negatively impacted by a deteriorating macro economic environment and the loss of sales originally contracted by Cascadent. The current economic downturn has resulted in significant restraints on telecommunications capital spending plans, delayed telephony infrastructure implementation timelines and lengthening sales cycles. We expect 2001 revenues to be highly concentrated in the second half of the year as our current strategic initiatives begin to take effect."

Sheldon Hofferma, Chairman of the Company's Board of Directors said, "We have already begun to execute on our stated goals to secure additional financing and expand our sales and distribution channels. Earlier this month we announced a definitive agreement to receive up to \$40 million in equity financing. Science Dynamics will have the capital necessary to carry out our research and development initiatives as well as our strategic initiatives into the future.

"Our dedication to R&D and product innovation was recognized at the 2001 Internet Telephony Conference and Expo where SciDyn's Integrator C-2300® Gateways were awarded the winner of the 'Best of Show' award. On the sales and marketing front we continue to see interest in our Integrator® lines both domestically and abroad. With secure access to capital and a robust product offering grounded in both established and future telephony markets our efforts are concentrated on the development of our sales and distribution channels to fuel growth in 2001. Science Dynamics continues to have technical and management expertise to carry out the stated strategic initiatives for growth in 2001 and beyond," continued Mr. Hofferma.

The Company has enhanced its Board of Directors with the addition of Louis Padulo and James L. Koley.

Louis Padulo, of Philadelphia, a President Emeritus of University City Science Center since 1997, served as President and Chief Executive Officer of the non-profit consortium of leading universities and organizations, between 1991 and 1996. Previously, he served as President of the University of Alabama in Huntsville and has held a number of administrative and faculty positions with Boston University, Stanford University, Morehouse College, Massachusetts Institute of Technology, and the University of Tokyo among others.

James L. Koley has served as an Attorney in general law practice since 1974 and currently serves as Chairman of the Board of Koley Jessen P. C., a professional corporation engaged in the practice of law. Between 1963 and 1974, Mr. Koley served as Secretary and Vice President of Peter Kiewit Sons' Inc., a major international

construction firm, and as a Secretary and Director overseeing its 37 subsidiaries. Mr Koley has served and continues to serve on a number of boards of both public and private entities, including Arts- Way Manufacturing Co. Inc., and Dover Corporation.

**About Science Dynamics Corporation:**

Headquartered in Cherry Hill, New Jersey, Science Dynamics Corporation (SciDyn) is a leading 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. 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**  
**Statement of Operations**  
**For the periods ended December 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
Net Sales	\$ 5,269,377	\$ 2,347,984
Operating costs and expenses:		
Cost of Sales	\$ 1,891,484	\$ 1,330,886
Research and development	\$ 1,141,656	\$ 1,331,521
Selling, general and administrative	<u>\$ 3,605,768</u>	<u>\$ 1,728,244</u>
Total operating expenses	<u>\$ 6,638,908</u>	<u>\$ 4,390,651</u>
Operating (loss)	<u>\$ (1,369,531)</u>	<u>\$ (2,042,667)</u>
Other income (expenses):		
Interest income	\$ 40,647	\$ ---
Interest expense	<u>\$ (10,378)</u>	<u>\$ (12,219)</u>
Net Loss	<u>\$ (1,339,262)</u>	<u>\$ (2,054,886)</u>
Net (Loss) per common share basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.12)</u>

**Science Dynamics Corporation**  
**Balance Sheets**  
**For the years ended December 31, 2000 and 1999**

	<b>December 31, 2000 <u>Audited</u></b>	<b>December 31, 1999 <u>Audited</u></b>
Current assets:		
Cash and cash equivalents	\$ 1,351,641	\$ 674,793
Accounts receivable – trade	\$ 102,194	\$ 157,040
Accounts receivable – other	\$ 51,401	\$ 63,677
Inventories	\$ 87,623	\$ 361,039
Other current assets	\$ 84,566	\$ 50,185
Total current assets	<u>\$ 1,677,425</u>	<u>\$ 1,306,734</u>
Property and equipment, net	\$ 1,005,364	\$ 260,543
Deferred income taxes	\$ ---	\$ 308,000
Intangible assets, net of accumulated amortization of \$1,200,000 in 2000 and \$900,000 in 1999	\$ 300,000	\$ 600,000
Other assets	<u>\$ 25,363</u>	<u>\$ 133,776</u>
Total assets	<u>\$ 3,008,152</u>	<u>\$ 2,609,053</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities:		
Current portion of capital lease obligation	\$ 57,598	\$ ---
Accounts payable	\$ 358,820	\$ 215,409
Accrued expenses	<u>\$ 118,059</u>	<u>\$ 424,677</u>
Total current liabilities	<u>\$ 534,477</u>	<u>\$ 640,086</u>
Non current portion of capital lease obligation	<u>\$ 128,413</u>	<u>\$ ---</u>
Commitments		
Shareholders' equity –		
Common stock – \$0.01 par value 45,000,000 shares authorized, 17,783,700 and 17,286,278 issued 17,657,900 and 17,160,478 outstanding in 2000 and 1999 respectively.	\$ 177,837	\$ 172,862
Additional paid in capital	\$ 14,266,787	\$ 12,556,205
(Deficit)	<u>\$ (11,701,529)</u>	<u>\$ (10,362,267)</u>
	\$ 2,743,095	\$ 2,366,800
Common stock held in treasury, at cost	<u>\$ (397,833)</u>	<u>\$ (397,833)</u>
Total shareholders' equity	<u>\$ 2,345,262</u>	<u>\$ 1,968,967</u>
Total liabilities and shareholders' equity	<u>\$ 3,008,152</u>	<u>\$ 2,609,053</u>