



## Sitestar Corporation Reports Third Quarter Results

For Immediate Release

LYNCHBURG, Va./EWorldWire/Nov. 18, 2003 --- Internet Service Provider and Computer Services Company, Sitestar Corporation (OTCBB: SYTE), today announces third quarter results which ended September 30, 2003 showing a lower net loss and a significantly higher EBITA.

Net loss decreased 91.72% from the nine months ended September 30, 2002 of \$544,788 to \$45,769 for the same period in 2003. This \$499,019 decrease in net loss was a result of substantial ongoing cost cutting measures in cost of sales and operations.

Revenue for the nine months ending September 30, 2003 decreased by \$294,231 or 9.61% from \$3,061,699 for the nine months ending September 30, 2002 to \$2,767,468 for the same period in 2003. This decrease is a result of a slight reduction in the number of dial-up customers due to broadband competition and lowering our prices in certain markets. We adjusted our prices in these markets to make the company more competitive with broadband competition and to standardize rates across Sitestar's different ISP locations. The decrease in revenue is offset in part by the acquisition of the Digital Data Communications customer base and the introduction of our new product SurfBoost. SurfBoost technology is a client/server application that allows any Internet user with dial-up access to increase the speed of their web browsing an average of three to five times the speed of normal dial-up access. This product will allow Sitestar to compete head to head with its broadband competition, retain existing customers and gain new customers who might otherwise elect broadband Internet service.

Internet sales for the nine months ending September 30, 2003 decreased by \$187,202 from \$2,492,097 for the nine months ending September 30, 2002 to \$2,304,895 for the same period ending in 2003. Retail and Development sales for the nine months ending September 30, 2003 decreased by \$21,277 and \$85,752 or 5.47% and 47.51% from \$389,097 and \$180,505 for the nine months ending September 30, 2002 to \$367,820 and \$94,753 for the same period ending in 2003. Retail revenue decreased due primarily to soft economic conditions while Development revenue decreased due to applications of resources to internal projects.

Costs of revenue for the nine months ending September 30, 2003 decreased by \$193,393 or 12.61% from \$1,533,117 for the nine months ending September 30, 2002, to \$1,339,724 for the same period in 2003. As a percentage of revenue for the nine months ending September 30, 2003, the cost of revenue decreased by 1.66% for the nine months ending September 30, 2002 from 50.07% to 48.41%. The decrease is principally due to cost control measures.

Operating expenses for the nine months ending September 30, 2003 decreased by \$666,748 or 34.71% from \$1,920,678 for the nine months ending September 30, 2002 to \$1,253,930 for the same period in 2003. The decrease in operating expenses in Internet, Development and Retail divisions of \$101,666 for the nine months ending September 30, 2003 is due principally to cost control measures. In the fourth quarter of 2002, the operations of the corporate office in California were closed and transferred to the Virginia facilities. Corporate operations under new management resulted in a decrease of \$565,082 of occupancy, payroll and executive costs for the nine months ending September 30, 2003.

Corporate expenses of \$125,036 for the nine months ending September 30, 2003 consisted of professional fees of \$95,924, consulting fees of \$27,000 and other expenses of \$2,112. Corporate expenses of \$690,118 for the nine months ending September 30, 2002 consisted of payroll of \$396,450, professional fees of \$238,932, rent of \$28,155, travel of \$21,825 and other expenses of \$4,756.

Interest expense for the nine months ending September 30, 2003 increased by \$64,587 or 41.67% from \$154,996 for the nine months ending September 30, 2002, to \$219,583 for the same period in 2003. This increase is a result of increased levels of borrowing.

Accounts receivable increased by \$9,047 on September 30, 2003 from \$139,229 on December 31, 2002 to \$148,276 on September 30, 2003. The primary reason for this increase is a decrease in the level of allowances for doubtful accounts from older accounts. Accounts payable and accrued expenses increased

\$99,189 from \$308,033 on December 31, 2002 to \$407,222 on September 30, 2003. The primary reason for this increase is to facilitate cash flow and improve financing activities. Notes payable decreased by a net \$330,334 on September 30, 2003 from \$1,830,430 on December 31, 2002 to \$1,500,096 on September 30, 2003.

For the nine months ending September 30, 2003, we generated EBITDA (earnings before interest, taxes, depreciation and amortization) at our operating subsidiary level of \$639,054 which consists of revenue less cost of revenue and operation expenses. EBITDA is provided because it is a measure commonly used by investors to analyze and compare companies on the basis of operating performance. The Company applied EBITDA from operations of \$639,054 to reduce the principal balances on notes payable by approximately \$330,000 in addition to funding the Company's operations for the nine months ending September 30, 2003. This amount was offset by EBITDA at the corporate level of \$(125,036). EBITDA for the nine months ending September 30, 2003 increased by \$551,749 from \$(37,731) for the nine months ending September 30, 2002 to \$514,018 for the same period in 2003. The primary reason for the significant increase is the Corporate division's increase of \$562,632 due to the closing the California office and the related occupancy, payroll and executive expenses.

For complete information, see Sitestar's Quarterly Report on Form 10-QSB available at [www.sec.gov](http://www.sec.gov) in the SEC's EDGAR database.

#### *Forward looking statements*

*This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Stockholders are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation, our ability to expand our customer base, make strategic acquisitions, general market conditions, and competition and pricing. Although we believe the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements contained in the report will prove to be accurate.*

#### **About Sitestar Corporation**

Sitestar Corporation is a mid-Atlantic Internet Service Provider (ISP) and computer services company offering a broad range of services to business and residential customers. Sitestar's main customer base is primarily in the Virginia and North Carolina markets but also sells most of its services nationwide. Sitestar's wholly owned subsidiaries provide narrow and broadband Internet access, Web-hosting and design services, computer sales and repair and other technology-related solutions to its residential and business customers.

Sitestar's wholly owned subsidiaries include Sitestar.net (<http://www.sitestar.net>), Sitestar Applied Technologies (<http://www.sitestarapplied.net>), Lynchburg.net (<http://www.lynchburg.net>), Computers by Design (<http://www.computersbydesign.com>), CBD Toner Recharge (<http://www.recharge.net>) and Advanced Internet Services (<http://www.advi.net>).

For more information, visit one of the following Web sites:

[www.sitestar.com](http://www.sitestar.com), [www.sitestar.net](http://www.sitestar.net), [www.lynchburg.net](http://www.lynchburg.net), [www.advi.net](http://www.advi.net), [www.computersbydesign.com](http://www.computersbydesign.com) or [www.recharge.net](http://www.recharge.net).

HTML: <http://www.eworldwire.com/pressreleases/1900>

MOBILE: <http://e4mobile.com/pressreleases/1900>

PDF: <http://www.eworldwire.com/pdf/1900.pdf>

ONLINE NEWSROOM: <http://www.eworldwire.com/newsroom/1262.htm>

LOGO: <http://www.eworldwire.com/newsroom/1262.htm>

#### **CONTACT:**

Frank Erhartic, Jr.  
Sitestar Corporation  
7109 Timberlake Road  
Lynchburg, VA 24502  
PHONE. 434-239-4272  
FAX. 818-332-4213

EMAIL: [investorrelations@sitestar.com](mailto:investorrelations@sitestar.com)  
<http://www.sitestar.com>

**WEBSITES:** <http://www.sitestar.com>, <http://www.sitestar.net>, <http://www.netrover.com>,  
<http://www.surfwithus.net>, <http://www.lynchburg.net>, <http://www.computersbydesign.com>,  
<http://www.recharge.net>, <http://www.advi.net>

**KEYWORDS:** Virginia, Lynchburg, technology, investment, Internet, Sitestar, web, hosting, shareholder, meeting

**SOURCE:** Sitestar Corporation