



## Sitestar Corporation Reports Record 1st Qtr. Revenues And Operating Profit

FOR IMMEDIATE RELEASE

LYNCHBURG, Va./EWorldWire/May 20, 2003 --- Sitestar Corporation (OTCBB: SYTE), announced today a significant milestone in the company's history by reporting a positive net income and record revenues for the first quarter which ended March 31, 2003.

Revenues for the first quarter rose to \$1,158,119 compared with \$1,135,232 in the first quarter of 2002. This increase is primarily a result of increased dial-up and broadband Internet subscription revenue.

The cost of revenue for the first quarter of 2003 decreased from \$528,165 for the first quarter of 2002 to \$421,226 for the same period in 2003. This is a net decrease of \$106,939. As a percentage of revenue, cost of revenue has decreased from 46.5% to 36.4%. This decrease is primarily due to incremental revenue coupled with more efficient Internet functions.

Operating expenses have been further reduced between similar quarters as revenues have increased. Operating expenses in the first quarter decreased by \$200,257 or 31% from \$636,453 for the first quarter of 2002 to \$436,196 for the same period in 2003. In the fourth quarter of 2002, the corporate office in California was closed and transferred to the Virginia facilities. Corporate operations under new management resulted in a decrease of \$182,527 consisting of occupancy, payroll and executive costs.

As a result of the increased revenues and decreased costs, Sitestar is able to report record profits. Net income for the first quarter grew significantly to \$214,168 compared to a net loss of \$83,859 for the same period in 2002. This is a total net increase of \$298,027.

"We expect the year 2003 to be the turning point for our company," says Sitestar Chairman and CEO, Frank Erhartic, Jr. "We have been able to reduce our expenses and streamline operations considerably over the last six months. Our focus is shifting from being primarily a regional Internet Service Provider (ISP) in parts of Virginia and North Carolina to a national provider of Internet services. We expect revenues to continue to rise as we shift our focus on a much larger market."

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.

### Safe Harbor

Statements regarding financial matters in this news release other than historical facts are "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and as that term is defined in the Private Securities Litigation Reform Act of 1995. The company intends that such statements about the company's future expectations, including future revenues and earnings, the anticipated stock dividends and all other forward-looking statements, be subject to the safe harbors created thereby. Since these statements (future operational results and sales) involve risks and uncertainties and are subject to change at any time, the company's actual results may differ materially from expected results.

### 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

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Services (<http://www.advi.net>).

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**KEYWORDS:** Internet, broadband, dial-up, communications, ISP, Internet Service Provider, web hosting, design, computer, technology

**SOURCE:** Sitestar