MEDIA RELEASE

Q9 Networks Reports Second Quarter 2004 Financial Results

- Second quarter revenue of $6.27 million, a 38.4% increase over second quarter, 2003
- Strong revenue growth in all service offerings
- Positive cash flow from operations

Toronto, ON – June 9, 2004 – Q9 Networks Inc. (TSX:Q), a leading Canadian provider of outsourced Internet infrastructure and related managed IT services, today announced its financial results for the second quarter, ended April 30, 2004.

Q9's total revenue increased 38.4% to $6.27 million for the second quarter, 2004, compared to $4.53 million in the second quarter, 2003 (all figures expressed in Canadian dollars).

Revenue for co-location increased by 50.1% to $2.23 million from $1.49 million in the second quarter, 2003. Revenue for managed bandwidth increased by 15.9% to $1.61 million from $1.39 million in the second quarter, 2003. Managed services revenue increased by 51.5% to $2.28 million from $1.51 million in the second quarter, 2003. Revenue growth for each of these offerings resulted from sales to both new and existing customers.

EBITDA, defined as loss for the period before interest, taxes, amortization and stock-based compensation expense, was a loss of $1.15 million for the second quarter, 2004, compared to a loss of $1.39 million for the second quarter, 2003. Excluding a one-time lease termination fee of $1.57 million, EBITDA for the second quarter, 2004 was a positive $0.42 million.

Net loss for the second quarter, 2004 was $2.69 million, compared to a net loss of $7.05 million for the second quarter, 2003. On a pro forma per share basis the net loss per share for the second quarter, 2004 and 2003 was $0.16 and $0.21, respectively (after taking into effect the conversion and subsequent five-to-one consolidation of the then outstanding shares to common shares and adding the accretion of interest on redeemable convertible preference shares and amortization of deferred financing cost to the loss for the period). Excluding the lease termination fee mentioned above, the net loss for the second quarter, 2004 would have been $1.11 million or a pro forma net loss per share of $0.07.

Cash flow generated from operations for the second quarter, 2004 was $0.83 million, marking the Company's second consecutive quarter of positive cash flow. This compares to a $0.88 million net use of cash in the same quarter, 2003.

The Company ended the quarter with cash and cash equivalents, short-term investments and restricted cash of $73.17 million. Other than $0.21 million in notes payable to an equipment supplier, Q9 had no debt outstanding.

The Company's customer count was 248 as at April 30, 2004, compared to 183 on April 30, 2003. Notable customers added during the quarter were Scotiabank and The Co-operators Group.

"We are pleased to have achieved the results announced today," says Osama Arafat, CEO, Q9 Networks. "Q9's superior reliability and range of service offerings continues to attract customers with mission-critical Internet operations across all industries. We are particularly pleased to note that our revenue has grown to a level where it is sufficient to meet our ongoing operating cash requirements."

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Conference Call Information

The Company will host a conference call to discuss the results at 5:00 PM today. The conference call will be available over the Internet through the Investor Relations section of the Company's Web site at www.Q9.com or by telephone at 416-640-4127 and 1-800-814-4859. A replay will be available for 48 hours following the conference call and can be accessed by dialing 416-640-1917, pass code 21052762 #.

Non-GAAP Measures

The Company reports EBITDA because it is a key measure used by management to evaluate the Company's performance. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and other non-cash expenses. EBITDA is not a recognized measure under Canadian GAAP, and accordingly investors are cautioned that EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with Canadian GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. The Company's method of calculating EBITDA may differ from other issuers and, accordingly, EBITDA may not be comparable to similar measures presented by other issuers.

About Q9 Networks:

Q9 Networks is a leading Canadian provider of outsourced Internet infrastructure and related managed services. Q9's data centres and network are backed by an industry leading SLA which guarantees 100% network and power availability. Q9 managed services, including: bandwidth, dedicated servers, firewalls, load balancing, virtual private networking (VPN) and back-up/restore, enable the rapid provisioning and scalability of client infrastructure.

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Q9 NETWORKS INC.

Balance Sheets
(In thousands)
(Unaudited)

	April 30, 2004	October 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 17,950	$ 2,195
Short-term investments	53,900	39,638
Accounts receivable	1,906	1,959
Unbilled revenue	406	223
Prepaid expenses	710	378
	74,872	44,393
Restricted cash	1,320	2,270
Capital assets	37,769	38,572
	$ 113,961	$ 85,235
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,396	$ 2,040
Deferred revenue	2,906	2,517
Current portion of leasehold inducements	195	175
Notes payable	209	467
	8,706	5,199
Deferred gain on sale of property	1,325	1,364
Long-term portion of leasehold inducements	886	779
Shareholders' equity:		
Capital stock:		
Common shares	177,750	420
Preference shares	–	148,472
Contributed surplus	19	–
Deficit	(74,725)	(70,999)
	103,044	77,893
	$ 113,961	$ 85,235

Q9 NETWORKS INC.

Statements of Operations and Deficit
(In thousands, except per share amounts)
(Unaudited)

	Three months ended April 30, 2004	Three months ended April 30, 2003
Revenue:		
Co-location	$ 2,230	$ 1,486
Managed bandwidth	1,606	1,385
Managed services	2,281	1,507
Set-up fees	155	153
	6,272	4,531
Cost of revenue	5,181	5,301
Gross margin	1,091	(770)
Expenses:		
Sales and marketing	1,090	1,096
General and administrative	1,222	1,425
Lease termination costs	1,571	–
Amortization	134	204
	4,017	2,725
Loss from operations	(2,926)	(3,495)
Interest expense	(3)	(16)
Accretion of interest on redeemable convertible preference shares	–	(3,672)
Interest income	252	276
Amortization of deferred financing costs	–	(119)
	249	(3,531)
Loss before income taxes	(2,677)	(7,026)
Income taxes	12	22
Loss for the period	(2,689)	(7,048)
Deficit, beginning of period	(72,036)	(50,947)
Deficit, end of period	$ (74,725)	$ (57,995)
Basic and diluted loss per share	$ (3.21)	$ (17.72)
Basic and diluted weighted average number of common shares outstanding	838	398
Pro forma basic and diluted loss per share	$ (0.16)	$ (0.21)
Pro forma basic and diluted weighted average number of shares outstanding	16,407	16,320

Q9 NETWORKS INC.

Statements of Cash Flows
(In thousands)
(Unaudited)

	Three months ended April 30, 2004	Three months ended April 30, 2003
Cash provided by (used in):		
Operating activities:		
Loss for the period	$ (2,689)	$ (7,048)
Items not involving cash:		
Amortization	1,776	2,120
Deferred gain	(19)	(13)
Amortization of leasehold inducements	(33)	(26)
Accretion of interest on redeemable convertible preference shares	–	3,672
Amortization of deferred financing costs	–	119
Stock-based compensation expense	19	–
Change in non-cash operating working capital	1,778	293
	832	(883)
Financing activities:		
Issuance of notes payable	105	274
Repayment of notes payable	(191)	–
Repayments of long-term debt	–	(114)
Increase in leasehold inducements	–	–
Issuance of shares, net of issue costs	28,858	–
	28,772	160
Investing activities:		
Proceeds on sale of property and building	–	12,500
Purchase of capital assets	(1,144)	(1,356)
Increase in short-term investments and restricted cash, net	(14,568)	(12,534)
	(15,712)	(1,390)
Increase (decrease) in cash and cash equivalents	13,892	(2,113)
Cash and cash equivalents, beginning of period	4,058	3,996
Cash and cash equivalents, end of period	$ 17,950	$ 1,883
Supplemental cash flow information:		
Interest received	$ 181	$ 191
Interest paid	3	16
Income taxes paid	127	360
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of capital assets in accounts payable	1,514	188

EBITDA Reconcilation

(In thousands)

	Three months ended	
	April 30, 2004	April 30, 2003
Loss for the period	$ (2,689)	$ (7,048)
Income taxes	12	22
Accretion of interest on redeemable convertible preference shares	-	3,672
Interest expense	3	16
Interest income	(252)	(276)
Amortization of deferred financing costs	-	119
Stock-based compensation	19	-
Amortization	1,757	2,107
EBITDA	(1,150)	(1,388)
Lease termination costs	1,571	-
EBITDA adjusted for lease termination costs	$ 421	$ (1,388)