MICROFORUM INC.

1999 ANNUAL INFORMATION FORM

July 8, 1999

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Unless otherwise indicated, all references herein are to Canadian dollars.

MICROFORUM INC.

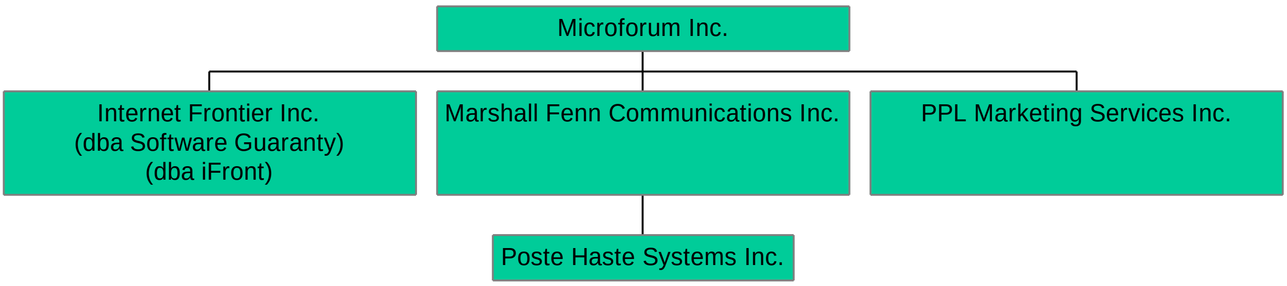
1999 ANNUAL INFORMATION FORM

ITEM 1 - THE COMPANY

Microforum Inc. ("Microforum" or the "Company") is an e-commerce applications, content, technology service corporation providing a broad range of e-commerce, creative and database marketing services to a list of recognized North American-based corporate clients. The Company was incorporated on February 27, 1987, by Certificate of Incorporation pursuant to the *Business Corporations Act* (Ontario). By Certificate of Amendment effective November 9, 1995, the Company subdivided its issued and outstanding common shares on a 200 for 1 basis and by Certificate of Amendment effective November 20, 1995, the Company deleted its "private company" restrictions. By Certificate of Amendment dated September 11, 1996, the Company amended its share capital to provide for the issuance of an unlimited number of common shares (the "Common Shares") and an unlimited number of preference shares, issuable in series. The Company's material subsidiaries consist of Internet Frontier Inc. ("iFront"), PPL Marketing Services Inc. ("PPL"), Marshall Fenn Communications Inc. ("Marshall Fenn") and Poste Haste Systems Inc. ("Poste Haste") each of which is incorporated pursuant to the *Business Corporations Act* (Ontario) and is wholly-owned by the Company. The Company's head office is located at 6050 Tomken Road, Mississauga, Ontario L5T 1X8, telephone: (905) 670-8000, Internet site: *http://www.microforum.com*.

The organizational structure of the Company is as follows:

Organizational Structure



Microforum has amended its constating documents as follows:

Articles of Amendment	**Purpose**
March 19, 1987	Change of name of the Company to "Microforum Manufacturing Inc."
August 7, 1992	To create a class of shares of an unlimited number to be designated as Class "E" Preferred Shares.
December 23, 1993	To divide the 1 issued and outstanding common share in the capital stock of the Company into 200 issued and outstanding Common Shares. To increase the authorized capital of the Company by creating a limited number of Class "A" Common Shares and Class "F" Special Shares.
July 14, 1994	To change the name of the Company to "Microforum Inc."
November 9, 1995	To divide the 18,000 issued and outstanding Common Shares in the capital stock of the Company into 3,600,000 issued and outstanding Common Shares.
November 20, 1995	The deletion in its entirety of the restrictions on the issuance, transfer or ownership of shares in the Company. Removal of the "private company" restrictions.
September 11, 1996	Cancellation of the Class "A" Common Shares, Class "A" Special Shares, Class "B" Special Shares, Class "C" Special Shares, Class "D" Special Shares, Class "E" Preferred Shares, and Class "F" Special Shares. Declare that the authorized capital of the Company, after giving effect to the foregoing, shall consist of an unlimited number of Preference Shares and an unlimited number of Common Shares. To provide for the issuance of an unlimited number of Preference Shares, issuable in series.

ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS

Summary of the Business

The Company is an e-commerce applications, content, technology service corporation providing a broad range of e-commerce, creative and database marketing services to a list of recognized North American-based clients. The Company has redirected its strategic focus to become a total response, Internet-based commerce and strategic marketing organization.

Areas of expertise include e-commerce and related software development, Web design, leading-edge animation, video and digital design, strategic marketing, direct marketing, contest and incentive programs, special event management, telemarketing, warehousing, distribution and fulfillment services, advertising, public relations, database development and management, lettershop and variable imaging, CD-ROM and disc duplication.

The Company delivers these services through its wholly owned subsidiaries, as follows:

Internet Frontier Inc.

iFront, a "Microsoft Certified Solutions Provider Partner", carries on business as iFront and Software Guaranty. iFront is dedicated to creating high-quality e-commerce business solutions and Internet content which it achieves by the licensing and implementation of its recognized e-commerce suite of applications (iFrontECS™). Software Guaranty specializes in financial applications for the Internet, Intranets and Extranets, and has developed CALMS™ (Cyber-Active Lending Measurement Systems), an integrated suite of products that originate and facilitate lending transactions over the Internet/Extranet.

PPL Group of Companies.

The PPL Group of Companies consists of three distinct entities – PPL Marketing Services Inc., Poste Haste Services Inc. and Marshall Fenn Communications Inc. The Company combines the appropriate talents and skills of each entity of the PPL Group of Companies specifically for each project. The client list of the PPL Group of Companies provides a conduit for Microforum's e-commerce solutions and creative services. Management believes that the iFrontECS™ e-commerce applications will generate incremental revenues from new and existing clients of the PPL Group of Companies during fiscal 2000.

- ***PPL Marketing Services Inc.*** is an integrated marketing services company providing complete turnkey marketing communications solutions that include strategic planning; creative design and copywriting; direct marketing services; contest and incentives management; special event management; telemarketing services (inbound and outbound call centres); premium procurement and fulfillment; travel planning and co-ordination; new media design; video conferencing; production management; database management; warehouse and physical distribution; and a quality management services consulting group.

- ***Poste Haste Systems Inc.*** is a database management, lettershop and variable imaging technologies organization.

- ***Marshall Fenn Communications Inc.*** is an integrated communications and full-service advertising agency, providing communications solutions that include advertising, public relations, direct marketing and Internet/new media.

Significant Developments

From its roots in software publishing, Microforum has evolved into a leading Internet applications and content technology service company providing a broad range of marketing, new media and data base marketing services. The following is a chronology of significant developments of the Company:

- On November 21, 1995, Microforum completed the private placement of 1,100,000 special warrants at a price of $5.00 per special warrant for gross proceeds of $5,500,000.

- On January 18, 1996, Microforum Italia s.r.l., a 90%-owned subsidiary of the Company, was incorporated. In August 1996, Microforum Italia s.r.l. acquired a 60% interest in Dreamware s.r.l. In accordance with its restructuring strategy, on August 18, 1997, the Company concluded an agreement to sell its interest in its subsidiary, Microforum Italia s.r.l., to the Company's founding shareholders for $200,000.

- On September 12, 1996, Microforum completed an initial public offering whereby it sold 1,000,000 Common Shares at a price of $6.50 per share for gross proceeds of $6,500,000.

- On September 12, 1996, the Common Shares of Microforum were listed and posted for trading on The Toronto Stock Exchange under the symbol "MCF".

- Since the date of its public offering, Microforum has undergone significant changes to its management team. Mr. Howard A. Pearl assumed the position of President and Chief Executive Officer of the Company on November 11, 1998 who replaced Mr. Eric H. Winston who held the position since April 21, 1997. Mr. Frank Iadipaolo was appointed Chief Financial Officer of the Company on June 26, 1997 replacing Mr. Paul Weissman whose employment was terminated by the Company on January 13, 1997. The Board of Directors was strengthened by the addition of J. Efrim Boritz on September 8, 1997, Howard A. Pearl on August 4, 1998, François de Gaspé Beaubien on May 27, 1999 and Dwight Crane on June 28, 1999. These directors join the Honourable David R. Peterson, P.C., Q.C. and Donald W. Paterson, who have served as directors of the Company since the initial public offering.

- Effective February 28, 1997, Microforum agreed to restructure a $1,000,000 trade payable with Americ Disc Inc., a key supplier, into a five-year subordinate convertible debenture with interest payable at a rate of 8.5% per annum due February 28, 2002. On September 18, 1997, $700,000 of this long-term debt was converted into 350,000 Common Shares of the Company. There was no balance outstanding under the convertible debenture as at February 28, 1998.

- On September 18, 1997, the Company completed a private placement financing through Taurus Capital Markets Ltd. and Griffiths McBurney & Partners by way of sale of 8,000,000 special warrants at a price of $1.00 per special warrant. The special warrants were fully exercised into Common Shares on a one-for-one basis on or about December 18, 1997. In addition, the Company completed a significant debt restructuring with certain of its creditors on September 18, 1997 by converting an aggregate of $1,809,800 of indebtedness (inclusive of the convertible debenture of Americ Disc Inc. discussed above) into 904,900 Common Shares in the capital of the Company at a conversion price of $2.00 per share.

- On April 6, 1998, the Company acquired all of the issued and outstanding shares of PPL, Marshall Fenn and Poste Haste. These multimedia, marketing and related technology companies were acquired at a purchase price of $6.7 million, funded by a combination of $502,500 cash, a non-interest bearing promissory note in the principal amount of $502,500 and the issuance of 1,627,143 Common Shares.

- In accordance with its restructuring strategy, the Company discontinued wholesale distribution of hardware equipment during the year ended February 28, 1998. The Company ceased its internal development of software products as of June 30, 1997 and announced on May 14, 1998 that it would discontinue all software publishing activities.

- On December 2, 1998, the Company issued by way of private placement through Taurus Capital Markets Ltd. an aggregate of 4,000,000 special warrants at a price of $0.50 per special warrant to various purchasers resident in the Province of Ontario for gross proceeds of $2,000,000. Each special warrant entitled the holder thereof to one unit consisting of one Common Share and one-half of one Common Share purchase warrant upon exercise. Each whole Common Share purchase warrant entitled the holder thereof to acquire one Common Share at an exercise price of $0.52 per share at any time on or before December 2, 2000. A receipt for a (final) prospectus of the Company qualifying the distribution of the underlying Common Shares and Common Share purchase warrants was issued by the Ontario Securities Commission on March 31, 1999.

- On January 6, 1999, the Company concluded the sale of the assets associated with *Gamesmania*, its electronic Internet magazine relating to the review of computer games to CryptoLogic Inc., a TSE-listed Internet software development company.

The sale was made by iFront, the registrant of the Internet domain name *Gamesmania.com* and the business name *Gamesmania*. The purchase price of the transaction was approximately $413,000 with approximately $375,000 payable at closing and the balance of approximately $38,000 received on April 6, 1999.

- On March 8, 1999, the Company issued by way of private placement through Taurus Capital Markets Ltd. and Kearns Capital Limited an aggregate of 2,891,739 special warrants at a price of $1.15 per special warrant to various purchasers resident in the Province of Ontario and offshore for gross proceeds of $3,325,000. Each special warrant entitled the holder thereof to one Common Share upon exercise. A receipt for a (final) prospectus of the Company qualifying the distribution of the underlying Common Shares and Common Share purchase warrants was issued by the Ontario Securities Commission on June 25, 1999.

- On March 9, 1999, the Company acquired all of the issued and outstanding shares of Software Guaranty Inc. ("Software Guaranty"). Software Guaranty was acquired at a purchase price of $3,477,500, funded by a combination of the payment of $2,250,000 in cash and the issuance of 674,207 Common Shares.

- On May 10, 1999, the Company issued by way of private placement through Yorkton Securities Inc., Taurus Capital Markets Ltd., Kearns Capital Limited and Canaccord Capital Corporation an aggregate of 3,100,000 special units at a price of $6.50 per special unit to various purchasers resident in the Provinces of Ontario, British Columbia and Alberta as well as United States. Each special unit entitles the holder thereof to receive one Common Share and one-half of one Common Share purchase warrant upon exercise. Each whole Common Share purchase warrant entitles the holder thereof to acquire one Common Share at an exercise price of $10.00 per share at any time on or before September 10, 2000. A receipt for a (final) prospectus of the Company qualifying the distribution of the underlying Common Shares and Common Share purchase warrants was issued by the securities regulatory authorities in the Provinces of Ontario, British Columbia and Alberta on June 30, 1999.

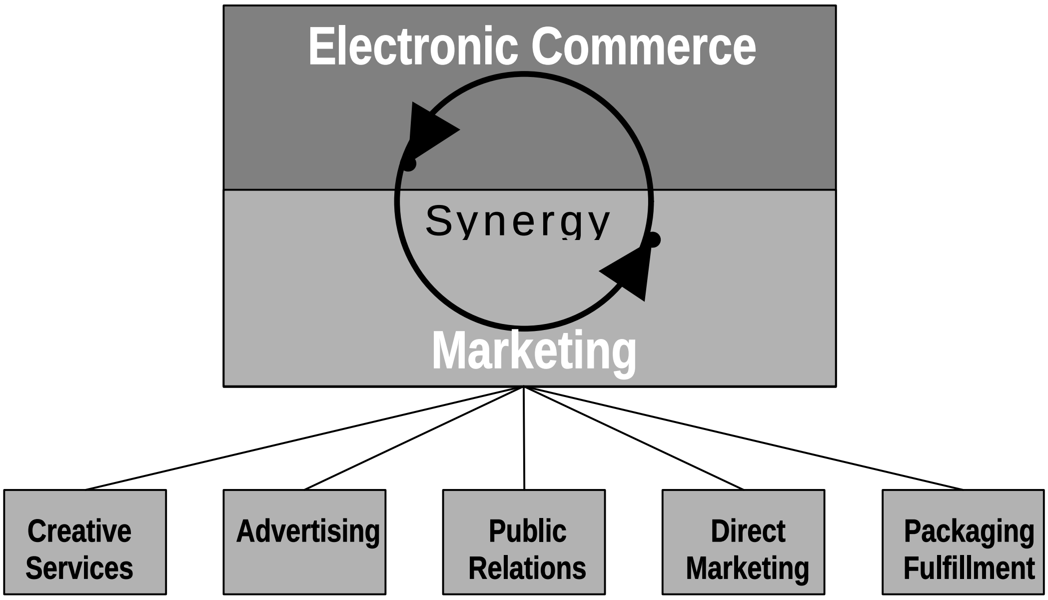
ITEM 3 - NARRATIVE DESCRIPTION OF THE BUSINESS

Strategic Overview

In the first quarter of fiscal 1998, the Company initiated a reorganization of its business strategy in order to concentrate on its core competencies in the face of shrinking margins and escalating expenses related to the development of consumer software. As part of its reorganization and consolidation, on April 6, 1998, the Company acquired the issued and outstanding shares of PPL, Marshall Fenn and Poste Haste.

The Company has transformed its strategic direction by divesting itself of non-mission critical business entities and positioned itself as an integrated Internet applications and marketing communications company. The Company's iFront Internet services complement the marketing services delivered by the PPL Group of Companies to provide a broad horizontal product offering. The Company believes that it provides one-stop solutions for e-commerce and total marketing and communications solutions.

Management believes that this new combination of Internet strategies, creative marketing talent and a forward-thinking, focused management team, will combine to produce greater revenue opportunities from a more diverse client base across North America. The Company intends to expand its sales and marketing activities in the U.S. in fiscal 1999 and to seek out additional opportunities for enhancing the competitive strength of its combined services.



Internet Frontier Inc.

Internet Frontier, a "Microsoft Certified Solutions Provider Partner", carries on business as iFront and Software Guaranty. On April 1, 1999, Internet Frontier, 1183481 Ontario Limited, a holding company which owned all of the issued and outstanding shares of Internet Frontier, and Software Guaranty were amalgamated pursuant to the *Business Corporations Act* (Ontario) and carried on business under the name "Internet Frontier Inc.".

iFront

iFront is dedicated to creating high-quality e-commerce business solutions and Internet content through the licensing and implementation of the iFrontECS™. iFront's initial objective to create, host and maintain Internet sites for the Company, in addition to third parties, has evolved into the development of custom-based, plug-n-play e-commerce solutions for companies seeking an alternative distribution channel for products and services, and for those seeking two-way information exchange with their targeted audience. iFront's suite of proprietary applications, namely, the iFrontECS™, is a complete, customizable e-commerce solution that is easily adaptable to many on-line retail and distribution needs. The iFrontECS™, based on Microsoft Site Server, Commerce Edition, provides on-line marketing and store management tools and provides brand name managers with up to the minute sales, demographic and marketing data.

Electronic Commerce

The iFrontECS™ is a complete, customizable e-commerce solution that is easily adaptable to any on-line store or business-to-business needs. Providing a secure, robust and proven e-commerce environment, the iFrontECS™ boasts open modular architecture that management believes is an ideal plug-n-play e-commerce solution for retail or distribution applications. As a result of its Microsoft Partner status, Microforum is a designated beta test site for the several Microsoft products and technologies.

The iFrontECS™ e-commerce suite of applications, provides a customizable, feature-rich e-commerce solution for corporations looking to create an alternative channel for global distribution of products and services. Based on industry standards, the iFrontECS™ solution has been chosen by Business Depot, Sony Music of Canada, Petopia Inc. (formerly Paw.Net) and StorageTek and has been proposed to several major retailers as an entrée into the world of electronic commerce. The iFrontECS™ is applicable to virtually any retail product suitable for direct marketing. With a plug-n-play template as provided by iFrontECS™, the Company believes iFront is positioned to be a leader in offering its cost-effective solution to retailers and corporate clients on a worldwide basis.

The iFrontECS™ has been thoroughly market tested through the Company's own Softmania™ site, an on-line software store located on the World Wide Web (*www.softmania.com*). Softmania has become an on-going beta test site for the effectiveness of e-commerce in an on-line retail application and the enhanced features presented in the iFrontECS™.

iFront intends to leverage its relationship with Microsoft through joint marketing efforts, which will include introductions to other Microsoft Certified Solution Providers in the U.S. marketplace who offer complementary integration services. iFront regularly meets with Microsoft's team of developers to discuss e-commerce technologies in an effort to ensure that future development and enhancements to the iFrontECS™ will be compliant with the Microsoft Back Office and Commerce Server product line.

Web Site Development

The creation of dynamic and exciting Web pages for companies wanting to have a presence on the Internet has been an area of specific focus for iFront. iFront has developed Web sites or portions thereof for Bell Canada, Canon Canada, Universal Canada, The Microsoft Network and Microforum Inc., among others.

Sales and Marketing

Distribution channels for Internet e-commerce services and creative marketing services will develop around the expansion into the U.S. market. Trading on the strong partnership with Microsoft, iFront will not only continue to sell directly into major accounts, but will identify and recruit regional system integrators, value added resellers and consultants to license and sell the iFrontECS™. Emphasis is being placed on the "branding" of the iFrontECS™ as a unique Internet and e-commerce service. Significant Internet related marketing activities include: trade show participation, targeted public relations, targeted Internet advertising, targeted trade magazine advertising, association memberships and partnership opportunities.

Software Guaranty

Incorporated in 1994 as Software Guaranty Inc., Software Guaranty is a "Microsoft Certified Solution Provider Partner" specializing in financial applications for the Internet, Intranets and Extranets. Software Guaranty provides project management, process re-engineering, business analysis, systems analysis and design, coding, testing, hardware installation and configuration, and technical support services to meet the specific needs of clients. Software Guaranty has provided object oriented, Internet-based lending software to some of North America's largest financial and business services companies. Geographically, Software Guaranty has concentrated its sales within North America although it has also successfully implemented systems in Australia. Software Guaranty has provided application solutions to some of North America's largest financial services companies, including National Bank of Canada, Newcourt Credit Group, AT&T Capital Canada and National Leasing Group. Software Guaranty developers have been selected by clients for their understanding of financial business applications and experience with sophisticated technologies. Management believes that this enables Software Guaranty to provide custom software development in the financial services sector, in addition to the Company's standard products.

Software Guaranty has developed CALMS™ (Cyber-Active Lending Measurement Systems), an integrated suite of products that originate and facilitate lending transactions over the Internet/Extranet. The CALMS™ system is connected online and in real-time with many of the major credit bureaus in North America and enables equipment dealers, vendors, brokers and other indirect lenders to quickly perform credit check approval and documentation over the Internet/Extranet. In the vast majority of cases, the installation of the products requires customization in order to meet the customers specifications and user requirements.

Software Guaranty has received numerous awards including Microsoft's 1998 SIA Best Infrastructure Award, one of the finalists worldwide for Microsoft's Best Independent Solution, and a finalist for the Best Structured Workflow Product. As a "Microsoft Certified Solution Provider Partner", Software Guaranty utilizes the Microsoft Solution Framework methodology for project management and solution development. Utilizing modeling techniques, the client can visualize the end result before development, avoiding unnecessary changes during or after development.

PPL Marketing Services Inc.

PPL is an integrated marketing company providing complete turnkey marketing communications solutions to a list of recognized North American-based clients. PPL provides its clients with a single source for both strategic and tactical marketing requirements. PPL has the integrated disciplines and creative depth to successfully execute a marketing program for a wide variety of audiences. All PPL services are managed within an ISO9001-94 environment. PPL is currently one of only two Canadian marketing services companies to achieve an ISO designation and was one of the first marketing firms in Canada to achieve Q1 status conferred by Ford.

PPL has developed a vertical presence in the automobile industry. PPL's largest account is with Ford. By providing Ford with an ever-broadening array of market support initiatives and services, PPL has developed a diverse range of services that have resulted in business opportunities outside the automotive market with organizations such as Canada Trust, Cadbury Schweppes, Converse, Canon, StorageTek, Merisel, Rapp Collins, Robotic Technology Services, Johnson & Johnson and Pepsi Cola Canada.

With the continuing trend by major sophisticated marketers to out-source such services, the Company believes PPL is well positioned to take advantage of these opportunities. The ability to execute either single elements or entire programs positions PPL to build long-term relationships with a select client base. PPL's strengths include the development of strategic marketing plans, production of support materials, special event management, call centre management, and contest and incentive programs.

The range of services PPL offers includes: strategic marketing and planning, creative services – graphic design, production execution, point of sale support, direct response marketing, contest and incentives design and administration, special event management, corporate conference co-ordination, telemarketing – inbound and outbound call centres, warehousing – physical distribution and fulfilment, and on-line inventory management & distribution.

Sales and Marketing

Central to PPL's continual success and its ability to grow, is the maturity of the systems in place and the total commitment to quality by both management and employees. Also very significant is the prestigious ISO9001-94 designation that assures prospective clients that they will receive quality service. In the Company's view, PPL's experienced team of professionals possess a solid record for tactical execution and measurable results. PPL's account executives are also using the iFrontECS™ to broaden penetration into the existing business base.

Marshall Fenn Communications Inc.

Marshall Fenn is an integrated communications and full service advertising agency, providing communications solutions that include advertising, public relations, direct marketing and Internet/new media.

The Company believes that a key strength of Marshall Fenn is its ability to combine these historically independent and distinct communications disciplines into cohesive marketing communications programs for diverse clients. Where clients do not require an integrated solution, Marshall Fenn can provide a single communications discipline, such as advertising or public relations. Where a client already has an established relationship with a complementary agency, Marshall Fenn provides those disciplines that may be missing to create strong, effective and comprehensive communications solutions.

Marshall Fenn has developed a vertical presence in the gaming industry. Marshall Fenn's largest account is with CasinoRama. Other clients include: Carnival Hotels & Casinos, KPMG (National Marketing), ESSO, Greater Toronto Marketing Alliance, International Leisure Systems and Star Data.

Sales and Marketing

The advertising and public relations industry is based on professional consultancy. Sales are generated as a result of existing business relationships, referrals, cold calling, networking activities and advertising in trade publications. Marshall Fenn has created a network of affiliate firms throughout Canada to enhance its ability to service clients nationally on a cost effective basis. Much of the new business expansion is generated through the cross selling of services. Marshall Fenn will focus on promoting its expertise in specific industry sectors including high technology, sports and entertainment marketing and capitalizing on its reputation in the North American gaming industry as it is one of only two advertising agencies in the Province of Ontario to be licensed by the Ontario Gaming Commission to provide non-gambling services to Ontario casinos.

Poste Haste Systems Inc.

Poste Haste provides clients with added control, innovation and security in direct mail marketing and enables the Company to internalize variable imaging and lettershop capabilities. The Company believes that the sophistication of data manipulation and the sensitivity of the identities contained in the customer database has led existing PPL clients to find a level of comfort and security with the in-house management and conversion of their data. Current clients include Ford, GS Systems Inc., Quebecor Inc., ManuLife and Bimm Communications.

The range of services Poste Haste offers includes: database creation, management, data storage and retrieval; data entry and optical scanning; response management, processing, reporting and measurement; inventory management; high speed laser variable imaging; inkjet personalization; lettershop; custom package assembly and distribution; and warehousing and fulfilment.

Corporate Strategy

Operationally, Microforum and the PPL Group of Companies have synergistic, complementary organizational structures. Just as PPL's creative services and iFront’s Internet solutions complement each other to form a broad horizontal market offering, the marketing services delivered by the PPL Group of Companies complement Microforum with their in-depth vertical market understanding of the automotive industry.

As a result of the acquisition of the PPL Group of Companies, the Company believes that it provides one-stop solutions for e-commerce and total marketing and communication solutions. Management believes that this new combination of Internet strategies, creative marketing talent and a forward-thinking, focused management team will combine to produce greater revenue opportunities from a more diverse client base across North America.

As a result of the acquisition of Software Guaranty, the Company believes that it now provides a broad array of e-commerce solutions and is well positioned to exploit opportunities in the financial services market. Management believes that the increase in technical depth will enable the Company to fulfill its existing contracts and provide sufficient capacity to realize on growth prospects.

The Company will continue to seek out additional opportunities for enhancing the competitive strength of its combined services through acquisitions, mergers or joint venture partnership arrangements.

Sales and Marketing Strategy

Central to marketing and sales activities for fiscal 2000 is the strategic entry into the U.S. marketplace. In order to create an awareness in the U.S. marketplace of its services, the Company has entered into a consulting arrangement with a senior marketing executive based in Atlanta, Georgia, who is familiar with the Company's products and services and also the U.S. marketplace and distribution channels. The Company expects to gain a competitive advantage in expanding its sales into the U.S., while producing its services in Canada.

The emphasis to provide business solutions to corporate clients on Internet services provides an ideal entrée into most companies. In the Company's experience, most recognized North American companies have an Internet presence and are receptive to learning about Internet business processes and solutions that may positively impact their business prospects. The Company believes that it has developed the expertise and credibility to offer e-commerce solutions to such entities.

The following tables provide a breakdown of the Company's revenues from sales from continuing operations and related services for fiscal 1998 and 1999.

Revenues by Geographic Area for the years ended February 28 (in 000's of Cdn.$)

	1999	**(unaudited)**	**1998**	
North America	$29,149	100%	$4,865	93.0%
Europe	$0	0%	$363	7.0%
Other	$0	0%	$2	0.0%
Totals	$29,149	100%	$5,230	100%

Revenue by Source for the years ended February 28 (in 000's of Cdn.$)

	1999 (unaudited)			1998	
Internet and Multimedia Services					
Content	$	137	0%	$	47	1%
Services		559	2%		247	5%
Intercompany sales adjustments		(64)	0%		-	0%
Internet		632	2%		294	6%
Duplication / Replication	$	3,177	11%	$	3,222	62%
Contract services		1,408	5%		1,406	27%
Other		100	0%		308	6%
Intercompany sales adjustments		(111)	0%		-	0%
Multimedia		4,574	16%		4,936	94%
	$	**5,206**	**18%**	**$**	**5,230**	**100%**
Marketing, programs and distribution						
Marketing	$	10,557	36%		-	0%
Fixed programs		2,246	8%		-	0%
Distribution - PPL Marketing		1,761	6%		-	0%
Distribution - Poste Haste Systems Inc.		1,077	4%			0%
Intercompany sales adjustments		(169)	-1%		-	0%
	$	**15,472**	**53%**	**$**	**-**	**0%**
Advertising and public relations						
Consulting and production fees	$	2,556	9%		-	0%
Media revenue		5,405	19%		-	0%
Other		510	2%		-	0%
	$	**8,471**	**29%**	**$**	**-**	**0%**
Total revenue	**$**	**29,149**	**100%**	**$**	**5,230**	**100%**

While the Company has a diverse and expanding client list, its relationship with Ford and CasinoRama accounts for approximately 34.4% and 20.6%, respectively, of the net sales of the Company at February 28, 1999. The loss of these customers could have an adverse impact on the Company's business and results of operations. Although the Company believes that due to the duration and strength of its relationship with Ford and CasinoRama, existing contracts will continue to operate throughout their entire term and will be extended in the ordinary course, there can be no assurance that extensions will be exercised or contracts will be renewed at their scheduled expiration.

Acquisition Strategy

The pursuit of growth opportunities and strategic acquisitions in both Canada and the United States is a key element of the Company's business strategy. Acquisition opportunities will be considered where the target has complementary technology, and where the Company can add value by improving profitability with its skills, technology or management approach. The Company has entered into informal discussions with several corporations throughout the United States and Canada and has identified a number of acquisition candidates for which it is currently conducting due diligence investigations. The Company has prioritized the acquisition candidates based on their strategic fit with the Company's current operations. No definitive agreements relating to such potential acquisitions have been entered into.

Competition

The markets for the Company's products and services are competitive and rapidly expanding. The Company faces numerous competitors in its markets, which compete with the Company in one or more of its operations. The Company believes that its ability to successfully compete depends primarily upon its broad range of Internet marketing, creative and database services and its ability to provide end-to-end marketing communications solutions. iFront's main competitors in Canada include Cyberplex, Bratch Communications, Grey Interactive, Digital Rennaissance and IBM Global Services. Software Guaranty's main competitors in Canada include System 1 and S.R. Research. PPL's main competitors in Canada include Barry Raynor & Associates Inc, Meritz Canada Inc. and in the area of creative services include ICE, Digital Rennaissance, McGill Multimedia, Sutjava.com and Tudhope Associates. Marshall Fenn's main competitors in Canada include Bradworks, Ginko Group and Communique. Poste Haste's main competitors in Canada include First Avenue and Bradford Direct. The Company is not aware of a competitor with as broad an array of marketing communication and Internet commerce capabilities.

Facilities

As part of the Company's restructuring plan to integrate the operations of the PPL Group of Companies with Microforum, the Company has relocated its offices to 6010 and 6050 Tomken Road in Mississauga, Ontario on an interim basis and may procure a new site in Mississauga, Ontario. The combined premises located at Tomken Road contain approximately 57,000 square feet of office/warehouse/distribution space and are leased at an approximate annual lease cost of $525,000 per year until July, 2000. Marshall Fenn will continue to lease approximately 4,500 square feet of office space at 1246 Yonge Street, Toronto, at an annual lease cost of approximately $110,000 per annum until October, 2001. iFront leases approximately 8,800 square feet of office space at 111 Gordon Baker Road, Toronto, at an annual lease cost of approximately $220,000 per annum until August 31, 2003.

Human Resources

As of July 8, 1999 the Company had approximately 177 full time employees, 17 part-time employees and 27 consultants. Of the total personnel, approximately 7 were in management; approximately 16 were in finance and administration; approximately 20 were in creative services and program design; approximately 39 were in Internet development; approximately 39 were in sales and marketing; approximately 48 were in direct customer support; and approximately 52 were in production or production support. The management team believes that its human resources constitute its greatest asset and provide the Company with significant competitive advantages. The Company employs a number of highly skilled graphic artists, programmers and technicians, most of who have received training and experience with larger companies in developing business applications and solutions. In order to retain (and continue to attract) such multi-talented individuals, management has fostered a dynamic, creative, fast-paced yet flexible working environment conducive to individual expression and individual development. The Company believes that the opportunity to work in an environment, with the chance to make significant individual contributions to the overall success, has tremendous appeal and will allow the Company to continue to recruit and retain highly skilled personnel. The ability of certain employees to acquire an equity position in the Company through the Company's Stock Option Plan serves as a valuable inducement to attract and retain personnel. In addition, the Company has implemented a profit-sharing arrangement for certain personnel subject to the satisfaction by the Company of its revenue and profitability projections.

ITEM 4 - SELECTED CONSOLIDATED FINANCIAL INFORMATION

All consolidated financial information is in Canadian dollars.

	Years ended February 28 (or 29)		
	1999	**1998**	**1997**
	(Canadian dollars in thousands, except per share data)		
Sales	$29,149	$5,230	$5,910
Gross Profit	$9,533	$2,489	$563
Net Income (Loss)	($2,850)	($8,011)	($10,529)
Earnings (Loss) per Share:			
Basic	($0.17)	($1.01)	($2.30)
Fully Diluted	-	-	-
Total Assets	$18,616	$7,876	$9,997
Long-term debt	$1,246	$1,086	$3,849

The following is a summary of certain of the financial information of the Company for each of the eight quarters ending February 28, 1999.

Quarterly Results of Operations 1999
(unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Canadian dollars in thousands, except per share data)			
Net Sales	$6,198	$7,117	$9,059	$6,775
Net Profit (Loss)	($107)	($415)	($3,083)	($540)
Loss per Share:				
Basic	($0.01)	($0.03)	($0.18)	($0.03)
Fully Diluted	-	-	-	-

Quarterly Results of Operations 1998
(unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Canadian dollars in thousands, except per share data)			
Net Sales	$1,612	$1,052	$1,246	$1,320
Net Profit (Loss)	($741)	($2,849)	($196)	($4,225)
Loss per Share				
Basic	($0.13)	($0.50)	-	($0.38)
Fully Diluted	-	-	-	-

The Company has never paid cash dividends on its Common Shares and does not anticipate paying cash dividends in the foreseeable future, but intends to retain future earnings for reinvestment in its business. Any future determination to pay cash dividends will be at the discretion of the Board of Directors, subject to compliance with any contractual restrictions, and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant.

ITEM 5 - MANAGEMENT'S DISCUSSION AND ANALYSIS

The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operation" provided to shareholders in connection with the mailing out of the 1999 Annual Report of the Company expected to occur on or about July 14, 1999 is hereby incorporated by reference. A copy of this document may be obtained upon written request from the Chief Financial Officer of the Company and has been filed and is available on SEDAR (*www.sedar.com*)

ITEM 6 - MARKET FOR SECURITIES

The Company's Common Shares are listed and posted for trading on The Toronto Stock Exchange under the symbol "MCF" and options on its Common Shares are quoted for trading on the Montreal Exchange.

ITEM 7 - DIRECTORS AND OFFICERS

Each director holds office until the close of business of the following annual meeting of shareholders of the Company following his election unless his office is earlier vacated in accordance with the Company's by-laws. The following persons are directors and/or officers of the Company as of the close of business on July 8, 1999.

Name and Position and/or office with Company	Present Principal Occupation	Year Became Director/ Officer	Number of Shares owned Directly or Indirectly or Over which Control or Discretion is Exercised
MARCO ARGENTI Vice-President, Internet Services and President, Internet Frontier Inc.	Vice-President, Internet Services of the Company and President, Internet Frontier Inc.	1997	Nil (3)
FRANÇOIS DE GASPÉ BEAUBIEN Director, Microforum Inc.	President, Publishing Division, Telemedia Communications Inc.	1999	32,000 (4)
J. EFRIM BORITZ(1)(2) Director, Microforum Inc.	Professor, School of Accounting, University of Waterloo	1997	3,500 (5)
DWIGHT CRANE Director, Microforum Inc.	Professor of Finance & Banking, Harvard Business School, Harvard University	1999	800 (4)
FRANK IADIPAOLO Chief Financial Officer and Secretary, Microforum Inc.	Chief Financial Officer and Secretary, Microforum Inc.	1997	Nil (6)
DONALD W. PATERSON(1)(2) Director, Microforum Inc.	President, Cavandale Corporation (corporate consultant)	1996	3,500 (7)
HOWARD PEARL President, Chief Executive Officer and Director, Microforum Inc.	President and Chief Executive Officer of Microforum Inc.	1998	3,276,341 (8)
THE HON. DAVID R. PETERSON, P.C., Q.C.(1)(2) Director and Chairman of the Board, Microforum Inc.	Senior Partner, Cassels Brock & Blackwell (law firm)	1996	Nil (9)

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Holds options to acquire up to 25,000 Common Shares at a price $1.13 per share, 15,000 Common Shares at a price of $1.30 per share, and 125,000 Common Shares at a price of $2.45, subject to vesting.

(4) Holds options to acquire up to 30,000 Common Shares at a price of $5.80 per share, subject to vesting.

(5) Holds options to acquire up to 20,000 Common Shares at a price of $1.25 per share, 30,000 Common Shares at a price $3.15 per share, and 30,000 Common Shares at a price of $2.45, subject to vesting.

(6) Holds options to acquire up to 33,334 Common Shares at a price of $1.13 per share, 15,000 Common Shares at a price of $1.30 per share, 94,666 Common Shares at a price of $0.60 per share, 21,666 Common Shares at a price of $3.15 per share and 150,000 Common Shares at $2.45, subject to vesting.

(7) Holds options to acquire up to 20,000 Common Shares at a price of $6.50 per share, 40,000 Common Shares at a price of $1.25 per share, 30,000 Common Shares at a price of $3.15 per share and 30,000 Common Shares at a price of $2.45 per share, subject to vesting.

(8) Represents Common Shares, subject to escrow, which were received directly and indirectly upon the sale of Mr. Pearl's ownership position in PPL Marketing Services Inc., Marshall Fenn Communications Inc. and Poste Haste Systems Inc. on April 6, 1998. In addition, Mr. Pearl holds options to acquire up to 140,000 Common Shares at a price of $3.50 per share, 80,000 Common Shares at a price of $0.60 and 250,000 Common Shares at a price of $2.45 per share, subject to vesting.

(9) Holds options to acquire up to 35,000 Common Shares at a price of $6.50 per share, 60,000 Common Shares at a price of $1.25 per share and 45,000 Common Shares at a price of $3.15, subject to vesting.

As of July 8, 1999, the current directors and senior officers of the Company and its subsidiaries as a group owned beneficially, directly and indirectly, 3,408,412 Common Shares representing 10.1% of the issued and outstanding shares of the Company.

ITEM 8 – RISK FACTORS

The business of the Company is subject to a number of risk factors, including those risk factors set forth below:

Future Capital Needs and Uncertainty of Additional Financing

The Company may need to raise additional funds in the future in order to take advantage of its growth opportunities. These opportunities may require a more rapid expansion or acquisitions of complementary businesses or technologies, the development of new products and other responses to competitive pressures. There can be no assurance that additional financing will be available on terms favourable to the Company, or at all. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to take advantage of strategic opportunities, develop new products and services or otherwise respond to competitive pressures.

Competition

The market for the Company's multimedia services, Internet development and e-commerce activities is highly competitive. Competition in the multimedia services and Internet development market segments will be influenced as additional market entrants develop in-house capabilities for multimedia production and turnkey software solutions for on-line retail environments. Increased competition may result in significant price competition, reduced profit margins, or a reduction in sell-through of the Company's products. The

Company believes that the principal competitive factors in the market for e-commerce products and services include: (i) functionality; (ii) performance and reliability of technology and methodology; (iii) depth and experience; (iv) availability and productivity of personnel; and (v) price. There can be no assurances that the Company will have the resources required to respond effectively to market or technological changes or to compete successfully with current or future competitors or that competitive pressures faced by the Company will not materially and adversely affect its business, operating results and/or financial position.

Dependence on Key Customers

While the Company has a diverse and expanding client list, its relationship with Ford and CasinoRama accounts for approximately 34.4% and 20.6%, respectively, of the net sales of the Company at February 28, 1999. The loss of these customers could have an adverse impact on the Company's business and results of operations. Although the Company believes that due to the duration and strength of its relationship with Ford and CasinoRama, existing contracts will continue to operate throughout their entire term and will be extended in the ordinary course, there can be no assurance that extensions will be exercised or contracts will be renewed at their scheduled expiration.

Market Acceptance, Development and Introduction of New Products and Product Delays

The Company's success in the multimedia services market is premised on consumers adopting interactive multimedia solutions as a means of communicating with their constituents in addition to traditional print media. The Company's experience to date suggests that multimedia will be embraced as an effective communications tool, although there can be no assurance that the Company will continue to maintain its leadership position in graphics design, marketing and multimedia services.

E-commerce on the Internet is in its infancy stage. There is no assurance that this medium of commerce will receive widespread acceptance by the general public. The lack of acceptance of e-commerce may have an adverse impact on the revenues generated by the Company by developing such Internet sites. Revenues from e-commerce currently represent a small percentage of the Company's overall revenue base. Although management is of the view that this segment of the Company's operations will experience significant future growth, there can be no assurance that such growth will occur.

Rapid Technology Change

E-commerce is undergoing rapid changes, including development of industry standards, increases in Internet processing speeds, development of secured operating platforms and changes in consumer requirements and preferences. The Company's success is dependent upon, among other things, its ability to achieve and maintain technological and quality leadership by anticipating and developing new technologies in order to ensure that it will remain competitive from the perspective of both product performance and price.

Similarly, the Company must ensure its iFrontECS™ and CALMS™ system is secure and state-of-the-art. There can be no assurance that the Company will respond effectively to market or technological changes or compete successfully in the future. If the Company is unable to meet the challenge of a rapidly changing Internet development and e-commerce industry in a timely manner, this inability could have a material adverse effect on the Company's results of operations.

Government Regulation of the Internet

Both Canada and the United States, at the federal, provincial or state and local government levels, and the European Union have recently passed or are proposing legislation relating to the Internet, and it is uncertain how the Company's business will be affected, both directly and indirectly to the extent that such legislation affects the Company's customers and potential customers. In addition, Canadian, U.S. and foreign governmental bodies are considering, and may consider in the future, other legislative proposals that would regulate the Internet and there can be no assurance that such future legislation will not monetarily adversely affect the Company's business, results of operations or financial condition.

Need to Manage Growth and Expansion

The growth and expansion of the Company's business and its product lines have placed, and are expected to continue to place, a significant strain on the Company's management, operational and financial resources. To manage its growth and operational changes, the Company must continue to improve its operational, financial and management information systems, as well as hire and train additional qualified personnel.

Dependence upon Key Personnel

The current success of the Company is due, in large part, to the skills, dedication and experience of its management team. The Company's future success will depend, in part, upon its continuing ability to retain its existing management team and add new qualified personnel as required. Conversely, the loss of the services of one or more of these key employees could have a materially adverse effect on the Company's performance. The ability of certain employees to acquire an equity position in the Company through the Company's employee stock option plan serves as a valuable inducement to attract and retain personnel.

In addition, the business of the Company is labour intensive and the Company's success depends in part on identifying, hiring, training and retaining professionals. Even if the Company retains its current employees, it must continually recruit talented professionals in furtherance of the growth of the Company. There is currently a shortage of qualified personnel in Internet development and programming which market shortage is likely to continue. The Company competes intensively for qualified personnel and if qualified professionals cannot be attracted, motivated and retained, the business and results of operations of the Company could be materially adversely affected.

Dependence on Proprietary Technology

The Company relies on a combination of copyright and trade secret laws and contractual provisions to establish and protect its rights in its iFrontECS™ and CALMS™ software and proprietary technology. The Company generally enters into non-disclosure agreements with employees and customers and historically has restricted access to its software products' source codes. The Company regards its source codes as proprietary information, and attempts to protect the source code versions of its products as trade secrets and as unpublished copyrighted works. In a few cases, the Company has provided copies of source codes for certain products to customers and strategic partners, for the purpose of special customization for identified projects. In these cases, the Company relies on non-disclosure and other contractual provisions to protect its proprietary rights. Despite the Company's precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of the Company's products or otherwise obtain and use information that the Company regards as proprietary.

Existing copyright and trade secret laws offer only limited protection, and the laws of certain countries in which the Company's products are used do not protect the Company's products and intellectual property rights to the same extent as the laws of Canada and the United States. Certain provisions of the license and strategic alliance agreements entered into by the Company, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions, and the Company is required to negotiate limits on these provisions from time to time.

There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate to deter misappropriation of its technology or independent development by others of technologies that are substantially equivalent or superior to the Company's technology. As the number of competitors providing e-commerce products increases, it is more likely that substantially similar tools and methodologies will be used in providing such services. Any misappropriation of the Company's technology or development of competitive technologies could have a material adverse effect on the Company's business, financial condition and results of operations. The Company could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time, third parties may assert patent, trademark, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that the assertion of such claims will not result in litigation or that the Company would prevail in such litigation or be able to obtain a license for the use of any infringed intellectual property from a third party or, if such a license is required, that it would be available on terms acceptable to the Company. Furthermore, litigation, regardless of its outcome, could result in substantial cost to the Company and divert management's attention and resources from the Company's operations. Any infringement claim or litigation against the Company could, therefore, materially adversely affect the Company's business, financial condition and results of operations.

Limited Profitability

The Company was not profitable in fiscal 1999 and has reported operating losses for the fiscal year ended February 28, 1999. Although the Company anticipates improvement in cash generated from operations, there can be no assurance that cash flow from operations in future periods will not be further impacted.

Year 2000 Issue

Certain computer software and microprocessors use two digits rather than four to define the applicable year. Computer programs that have date-sensitive software and microprocessors may recognize a date using "00" as the year 1900 rather than the year 2000. In addition, a year 2000 compliant product will recognize the year 2000 as a leap year. This phenomenon (the "Year 2000 Issue") could cause a disruption of the Company's operations, including, among other things, the temporary inability to utilize equipment, send invoices or engage in similar normal business activities. The Company has conducted an internal review of its computer systems to ensure Year 2000 compliance, which review should be completed by the second half of 1999. There can be no guarantee that systems of other companies on which the Company's systems rely will be converted on a timely basis, or that a failure to convert by another company, or a conversion is incompatible with the Company's systems would not have a material adverse effect on the Company. Based on its current assessment, management believes that the Year 2000 Issue will not have a material adverse impact on the Company's results of operations or financial condition, but there can be no assurance that this will be the case. The Company also believes it has sufficient internal resources and commitments from external providers to have substantially all of its computer programs revised by the end of fiscal 1999. In management's view, the cost to revise the programs will not be material.

Integration of Acquisitions

A key element in the Company's business strategy is to seek acquisition targets in order to expand and enhance its business. The Company has recently completed several significant acquisitions on April 6, 1998 and March 9, 1999. In the event that any significant acquisition cannot be successfully integrated into the Company's operations or performs below expectations, the Company's business could be materially and adversely affected.

ITEM 9 - ADDITIONAL INFORMATION

Additional information, including management's proposed slate of directors' and officers remuneration and indebtedness, principal holders of securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's Management Proxy Circular to be dated on or about July 9, 1999, prepared in conjunction with the Annual General and Special Meeting of Shareholders to be held on August 16, 1999, which involves the election of directors. Additional financial information is provided in the Company's comparative financial statements for 1999. A copy of such documents may be obtained upon written request from the Chief Financial Officer of the Company and has been filed and is available on SEDAR (*www.sedar.com*).