

Tucows Inc.  
Consolidated Balance Sheets  
(Dollar amounts in U.S. dollars)

	March 31, 2010 (unaudited)	December 31, 2009 (unaudited)
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<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,181,896	\$ 9,632,394
Accounts receivable	3,697,545	2,822,045
Prepaid expenses and deposits	2,860,624	2,498,922
Derivative instrument asset, current portion	2,185,688	2,107,825
Prepaid domain name registry and ancillary services fees, current portion	33,750,000	31,596,236
Income taxes recoverable	358,000	674,000
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Total current assets	48,033,753	49,331,422
Derivative instrument asset, long-term portion	140,913	112,553
Prepaid domain name registry and ancillary services fees, long-term portion	12,588,320	12,126,515
Property and equipment	1,779,999	1,986,768
Deferred financing charges	33,600	41,000
Deferred tax asset, long-term portion	4,102,929	3,907,476
Intangible assets	18,213,439	18,656,353
Goodwill	17,990,807	17,990,807
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Total assets	\$102,883,760	\$104,152,894
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<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$1,738,878	\$1,547,863
Accrued liabilities	1,763,176	1,889,980
Customer deposits	3,895,116	3,624,317
Loan payable, current portion	2,741,564	3,220,125
Deferred revenue, current portion	42,837,249	40,211,766
Accreditation fees payable, current portion	594,968	530,656
Deferred tax liability, current portion	1,102,929	907,476
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Total current liabilities	54,673,880	51,932,183
Derivative instrument liability, long-term portion	7,958	15,708
Deferred revenue, long-term portion	16,677,922	16,098,812
Accreditation fees payable, long-term portion	169,705	169,620
Deferred tax liability, long-term portion	4,840,000	4,840,000
<b>Stockholders' equity:</b>		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding	-	-

Common stock - no par value, 250,000,000 shares authorized; 59,792,816 shares issued and outstanding as of March 31, 2010 and 67,080,353 shares issued and outstanding as of December 31, 2009	12,579,210	14,030,384
Additional paid-in capital	43,587,383	47,287,351
Deficit	(29,652,298)	(30,221,164)
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Total stockholders' equity	26,514,295	31,096,571
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Total liabilities and stockholders' equity	\$102,883,760	\$104,152,894
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Tucows Inc.  
Consolidated Statements of Operations  
(Dollar amounts in U.S. dollars)

	Three months ended March 31, 2010	2009
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	(unaudited)	
Net revenues	\$ 20,445,153	\$ 20,091,424
Cost of revenues:		
Cost of revenues(*)	14,924,874	13,785,398
Depreciation of property and equipment	310,058	392,947
Amortization of intangible assets	74,802	29,199
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Total cost of revenues	15,309,734	14,207,544
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Gross profit	5,135,419	5,883,880
Expenses:		
Sales and marketing(*)	1,862,336	1,353,176
Technical operations and development(*)	1,243,013	1,104,139
General and administrative(*)	815,580	1,869,896
Depreciation of property and equipment	43,889	82,453
Amortization of intangible assets	360,540	360,540
Gain in fair value of forward exchange contracts	(113,973)	(85,343)
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Total expenses	4,211,385	4,684,861
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Income from operations	924,034	1,199,019
Other income:		
Interest income (expense), net	(39,168)	(63,462)
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Total other income	(39,168)	(63,462)
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Income before provision for income taxes	884,866	1,135,557
Provision for income taxes	316,000	107,425
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Net income for the period	\$ 568,866	\$ 1,028,132
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Basic earnings per common share	\$ 0.01	\$ 0.01
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Shares used in computing basic earnings per common share	61,265,903	72,655,213
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Diluted earnings per common share	\$ 0.01	\$ 0.01
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Shares used in computing diluted earnings per common share	63,338,084	72,657,604
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(\*)Stock-based compensation has been included in expenses as follows:

Cost of revenues	\$ 3,628	\$ 5,000
Sales and marketing	\$ 15,686	\$ 14,900
Technical operations and development	\$ 14,581	\$ 10,600
General and administrative	\$ 22,734	\$ 18,700

Tucows Inc.  
Consolidated Statements of Cash Flows  
(Dollar amounts in U.S. dollars)

	Three months ended March 31,	
	2010	2009
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Cash provided by (used in):		(unaudited)
Operating activities:		
Net income for the period	\$ 568,866	\$ 1,028,132
Items not involving cash:		
Depreciation of property and equipment	353,947	475,400
Amortization of deferred financing charges	7,400	10,400
Amortization of intangible assets	435,342	389,739
Disposal of domain names	7,572	973
Unrealized gain in the fair value of forward contracts	(113,973)	(85,343)
Stock-based compensation	56,629	49,200
Change in non-cash operating working capital:		
Accounts receivable	(875,500)	(516,993)
Prepaid expenses and deposits	(361,702)	(578,568)
Prepaid fees for domain name registry and ancillary services fees	(2,615,569)	(2,125,399)
Income taxes recoverable/payable	316,000	85,182
Accounts payable	186,569	(180,821)
Accrued liabilities	(126,804)	128,773
Customer deposits	270,799	(309,502)
Deferred revenue	3,204,593	2,463,376
Accreditation fees payable	64,397	78,607

Net cash provided by operating activities	1,378,566	913,156
Financing activities:		
Proceeds received on exercise of stock options	4,501	-
Repurchase of common stock	(5,212,272)	(1,811,179)
Repayment of loan payable	(478,561)	(478,561)
Net cash used in financing activities	(5,686,332)	(2,289,740)
Investing activities:		
Cost of domain names acquired	-	(5,900)
Additions to property and equipment	(142,732)	(2,240)
Net cash used in investing activities	(142,732)	(8,140)
Decrease in cash and cash equivalents	(4,450,498)	(1,384,724)
Cash and cash equivalents, beginning of period	9,632,394	5,427,467
Cash and cash equivalents, end of period	\$ 5,181,896	\$ 4,042,743
Supplemental cash flow information:		
Interest paid	\$ 65,521	\$ 39,276
Supplementary disclosure of non-cash investing activity:		
Property and equipment acquired during the period not yet paid for	\$ 2,784	\$ 98,040