

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

	March 31, 2011 (unaudited)	December 31, 2010 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,164,166	\$ 4,205,729
Accounts receivable	4,254,800	3,021,995
Prepaid expenses and deposits	2,885,523	2,363,876
Derivative instrument asset, current portion	721,256	833,960
Prepaid domain name registry and ancillary services fees, current portion	39,029,239	37,016,871
Income taxes recoverable	485,000	620,000
Total current assets	51,539,984	48,062,431
Prepaid domain name registry and ancillary services fees, long-term portion	12,808,350	12,820,479
Property and equipment	1,430,242	1,552,349
Deferred financing charges	11,200	15,600
Deferred tax asset, long-term portion	4,232,000	4,155,600
Intangible assets	16,543,926	16,883,401
Goodwill	17,990,807	17,990,807
Total assets	\$ 104,556,509	\$ 101,480,667
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,778,092	\$ 1,664,006
Accrued liabilities	1,634,522	1,346,436
Customer deposits	3,868,879	3,960,312
Loan payable, current portion	827,322	1,305,883
Deferred revenue, current portion	48,141,934	45,832,374
Accreditation fees payable, current portion	586,290	547,810
Deferred tax liability, current portion	1,232,000	1,155,600
Total current liabilities	58,069,039	55,812,421

Deferred revenue, long-term portion	16,747,268	16,738,429
Accreditation fees payable, long-term portion	166,283	168,580
Deferred rent, long-term portion	6,945	-
Deferred tax liability, long-term portion	4,840,000	4,840,000
Stockholders' equity:		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding	-	-
Common stock - no par value, 250,000,000 shares authorized; 53,455,691 shares issued and outstanding as of March 31, 2011 and 53,448,591 shares issued and outstanding as of December 31, 2010	11,331,134	11,324,866
Additional paid-in capital	40,772,110	40,700,587
Deficit	(27,376,270)	(28,104,216)
Total stockholders' equity	24,726,974	23,921,237
Total liabilities and stockholders' equity	\$ 104,556,509	\$ 101,480,667

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

Three months ended March 31,

	2011	2010
Net revenues	\$ 22,555,207	\$ 20,445,153
Cost of revenues:		
Cost of revenues (*)	15,695,140	13,731,550
Network expenses	1,262,828	1,193,324
Depreciation of property and equipment	236,681	310,058
Amortization of intangible assets	19,290	74,802
Total cost of revenues	17,213,939	15,309,734
Gross profit	5,341,268	5,135,419

Expenses:

Sales and marketing (*)	2,024,703	1,862,336
Technical operations and development (*)	1,199,236	1,243,013
General and administrative (*)	1,096,926	815,580
Depreciation of property and equipment	46,187	43,889
Amortization of intangible assets	306,990	360,540
Loss (gain) on change in fair value of forward exchange contracts	112,704	(113,973)
Total expenses	4,786,746	4,211,385

Income from operations	554,522	924,034
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Other income (expenses):

Interest (expense) income, net	(11,540)	(39,168)
Other income	323,329	-
Total other income (expenses)	311,789	(39,168)

Income before provision for income taxes	866,311	884,866
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Provision for income taxes	138,365	316,000
Net income for the period	\$ 727,946	\$ 568,866

Basic earnings per common share	\$ 0.01	\$ 0.01
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Shares used in computing basic earnings per common share	53,437,672	61,265,903
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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	55,747,952	63,338,084
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(*) Stock-based compensation has been included in expenses as follows:

Cost of revenues	\$ 6,013	\$ 3,628
Sales and marketing	\$ 25,333	\$ 15,686
Technical operations and development	\$ 15,708	\$ 14,581
General and administrative	\$ 27,277	\$ 22,734

Decrease in cash and cash equivalents	(41,563)	(4,450,498)
Cash and cash equivalents, beginning of period	4,205,729	9,632,394
Cash and cash equivalents, end of period	\$ 4,164,166	\$ 5,181,896
Supplemental cash flow information:		
Interest paid	\$ 11,589	\$ 39,276
Supplementary disclosure of non-cash investing activity:		
Property and equipment acquired during the period not yet paid for	\$ 105,136	\$ 98,040