

**GlobalSCAPE, Inc.**  
**Condensed Balance Sheets**  
(in thousands except share amounts)

	March 31, 2011 <u>(Unaudited)</u>	December 31, 2010 <u></u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,413	\$ 11,087
Short term investments	-	-
Accounts receivable (net of allowance for doubtful accounts of \$167 and \$237 in 2011 and 2010, respectively)	2,512	3,124
CoreTrace receivable	596	298
Federal income tax receivable	-	94
Current deferred tax asset	902	881
Prepaid expenses	343	319
Total current assets	<u>15,766</u>	<u>15,803</u>
Fixed assets, net	1,187	1,286
Investment - CoreTrace	2,278	2,278
Intangible assets, net	455	531
Goodwill	619	619
Deferred tax asset	20	-
Other assets	37	30
Total assets	<u>\$ 20,362</u>	<u>\$ 20,547</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 540	\$ 250
Accrued expenses	809	1,392
Income tax payable	5	-
Deferred revenue	5,442	5,554
Deferred compensation	-	-
Total current liabilities	<u>6,796</u>	<u>7,196</u>
Deferred tax liability	-	7
Other long term liabilities	1,109	1,185
Stockholders' equity:		
Preferred stock, par value \$0.001 per share, 10,000,000 authorized, no shares issued or outstanding	-	-
Common stock, par value \$0.001 per share, 40,000,000 authorized, 18,346,982 and 18,346,982 shares issued at March 31, 2011 and December 31, 2010, respectively	18	18
Treasury Stock, 403,581 and 403,581 shares at March 31, 2011 and December 31, 2010, respectively	(1,452)	(1,452)
Additional paid-in capital	12,376	12,137
Retained earnings	1,515	1,456
Total stockholders' equity	<u>12,457</u>	<u>12,159</u>
Total liabilities and stockholders' equity	<u>\$ 20,362</u>	<u>\$ 20,547</u>

The accompanying notes are an integral part of these financial statements.

**GlobalSCAPE, Inc.**  
**Condensed Statement of Operations**  
(in thousands, except per share amounts)  
(Unaudited)

	Three months ended March 31,	
	2011	2010
Operating Revenues:		
Licenses	\$ 1,981	\$ 2,462
Maintenance and support	2,220	1,775
All others	443	176
Total Revenues	4,644	4,413
Operating Expenses:		
Cost of revenues	369	102
Selling, general and administrative expenses	3,194	2,909
Research and development expenses	785	646
Depreciation and amortization	204	200
Total operating expenses	4,552	3,857
Income from operations	92	556
Other income (expense)	0	1
Income before income taxes	92	557
Provision for income taxes	33	193
Net Income	\$ 59	\$ 364
Net income per common share - basic	\$ 0.00	\$ 0.02
Net income per common share - diluted	\$ 0.00	\$ 0.02
Average shares outstanding:		
Basic	17,943	17,283
Diluted	18,699	17,876

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**GlobalSCAPE, Inc.**  
**Condensed Statements of Cash Flows**

(in thousands)  
(Unaudited)

	For the three months ended March 31,	
	2011	2010
Operating Activities:		
Net income	\$ 59	\$ 364
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt recoveries	(79)	(137)
Depreciation and amortization	204	200
Loss on disposition of assets	-	-
Stock-based compensation	258	263
Tax deficiency from stock-based compensation	19	-
Deferred taxes	(48)	(407)
Excess tax benefit from exercise of share based compensation	-	-
Changes in operating assets and liabilities:		
Accounts receivable	691	72
CoreTrace receivable	(298)	-
Prepaid expenses	(24)	(62)
Federal income tax	80	594
Other assets	(7)	(1)
Accounts payable	290	60
Accrued expenses	(583)	(167)
Deferred revenues	(112)	113
Deferred compensation	-	-
Other long-term liabilities	(76)	4
Net cash provided by operating activities	374	896
Investing Activities:		
Purchase of property and equipment	(29)	(22)
Purchase of short-term investments	-	(350)
Redemption of short-term investments	-	905
Net cash (used in) provided by investing activities	(29)	533
Financing Activities:		
Tax deficiency from stock-based compensation	(19)	-
Net cash used in financing activities	(19)	-
Net increase in cash	326	1,429