

GlobalSCAPE, Inc.
Condensed Consolidated Balance Sheets

(in thousands except share amounts)

	June 30, 2012 <u>(Unaudited)</u>	December 31, 2012 <u></u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,132	\$ 8,861
Accounts receivable (net of allowance for doubtful accounts of \$114 and \$170 on June 30, 2012 and December 31, 2011, respectively)	4,338	3,433
CoreTrace receivable	911	761
Federal income tax receivable	481	244
Current deferred tax assets	621	938
Prepaid expenses	238	239
Total current assets	<u>13,721</u>	<u>14,476</u>
Fixed assets, net	1,240	1,067
Long term investments	3,000	3,000
Investment - CoreTrace	2,278	2,278
Intangible assets, net	4,373	4,815
Goodwill	12,712	12,712
Other assets	41	30
Total assets	<u>\$ 37,365</u>	<u>\$ 38,378</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 326	\$ 591
Accrued expenses	1,311	1,396
TappIn earn out, current portion	3,303	3,303
Long term debt, current portion	1,305	1,276
Deferred revenue	6,588	6,248
Total current liabilities	<u>12,833</u>	<u>12,814</u>
Deferred tax liabilities	84	573
Deferred revenue, non-current portion	1,447	1,383
Other long term liabilities	58	54
TappIn earn out, non-current portion	3,694	3,694
Long term debt, non-current portion	5,064	5,724
Commitments and contingencies	-	-
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, 18,789,897 and 18,691,947 issued June 30, 2012 and December 31, 2011, respectively	19	19
Additional paid-in capital	13,920	13,478
Treasury stock, 403,581 shares, at cost, at June 30, 2012 and December 31, 2011.	(1,452)	(1,452)
Retained earnings	1,698	2,091
Total stockholders' equity	<u>14,185</u>	<u>14,136</u>
Total liabilities and stockholders' equity	<u>\$ 37,365</u>	<u>\$ 38,378</u>

GlobalSCAPE, Inc.**Condensed Consolidated Statements of Operations and Comprehensive Income**

(In thousands, except per share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Operating Revenues:				
Software licenses	\$ 2,541	\$ 2,866	\$ 4,885	\$ 4,857
Maintenance and support	2,611	2,281	5,251	4,504
Professional services	411	523	739	927
Other	139	40	220	66
Total Revenues	<u>5,702</u>	<u>5,710</u>	<u>11,095</u>	<u>10,354</u>
Operating Expenses:				
Cost of revenues	313	529	631	898
Selling, general and administrative expenses	4,243	3,511	8,395	6,706
Research and development expenses	897	762	1,839	1,547
Depreciation and amortization	321	193	637	397
Total operating expenses	<u>5,774</u>	<u>4,995</u>	<u>11,502</u>	<u>9,548</u>
(Loss) income from operations	(72)	715	(407)	806
Other (expense) income, net	(61)	13	(127)	13
(Loss) income before income taxes	(133)	728	(534)	819
(Benefit) provision for income taxes	7	257	(141)	290
Net (loss) income	<u>\$ (140)</u>	<u>\$ 471</u>	<u>\$ (393)</u>	<u>\$ 529</u>
Comprehensive (loss) income	<u>\$ (140)</u>	<u>\$ 471</u>	<u>\$ (393)</u>	<u>\$ 529</u>
Net (loss) income per common share -				
Basic	\$ (0.01)	\$ 0.03	\$ (0.02)	\$ 0.03
Diluted	\$ (0.01)	\$ 0.03	\$ (0.02)	\$ 0.03
Weighted average shares outstanding:				
Basic	18,320	17,997	18,304	17,969
Diluted	18,320	18,761	18,304	18,727

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

(In thousands)

(Unaudited)

	For the six months ended June 30,	
	2012	2011
Operating Activities:		
Net (loss) income	\$ (393)	\$ 529
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Bad debt expense (recoveries)	(14)	(170)
Depreciation and amortization	637	397
Stock-based compensation	428	517
Deferred taxes	(172)	(96)
Excess tax deficiency from share-based compensation	5	-
Changes in operating assets and liabilities:		
Accounts receivable	(891)	6
CoreTrace receivable	(150)	(299)
Prepaid expenses	1	102
Federal income tax	(242)	254
Other assets	(11)	-
Accounts payable	(265)	238
Accrued expenses	(85)	(286)
Deferred revenues	404	154
Other long-term liabilities	4	154
Net cash provided by (used in) operating activities	<u>(744)</u>	<u>1,500</u>
Investing Activities:		
Purchase of property and equipment	(190)	(70)
Software development costs	(178)	-
Net cash (used in) investing activities	<u>(368)</u>	<u>(70)</u>
Financing Activities:		
Proceeds from exercise of stock options	19	123
Tax deficiency from share-based compensation	(5)	(25)
Notes payable principle payments	(631)	-
Net cash (used in) provided by financing activities	<u>(617)</u>	<u>98</u>
Net (decrease) increase in cash	(1,729)	1,528
Cash at beginning of period	8,861	11,087
Cash at end of period	<u>\$ 7,132</u>	<u>\$ 12,615</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest on notes payable	\$ 154	\$ -
Income taxes	<u>\$ 271</u>	<u>\$ 157</u>