peer1 hosting

PING & PEOPLE

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Peer 1 Network Enterprises Inc.**:

We have audited the accompanying consolidated financial statements of Peer 1 Network Enterprises Inc. and its subsidiaries, which comprise the consolidated balance sheets as at June 30, 2011 and 2010, and the consolidated statements of loss and comprehensive loss, shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Peer 1 Network Enterprises Inc. and its subsidiaries as at June 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

MNP LLP

September 19, 2011

Vancouver, British Columbia

Chartered Accountants

PEER 1 NETWORK ENTERPRISES, INC.
Consolidated Balance Sheets
As at June 30, 2011 and 2010
(in thousands of United States dollars)

		2011		2010
Assets				
Current:				
Cash and cash equivalents	$	7,803	$	2,321
Accounts receivable		6,447		3,249
Income tax receivable		2,875		623
Future income tax asset (Note 11)		1,188		97
Prepaid expenses		1,448		1,655
		19,761		7,945
Other assets (Note 3)		2,234		2,688
Future income tax asset (Note 11)		-		1,900
Property and equipment (Note 4)		84,333		53,237
Equipment under capital lease (Note 5)		724		986
Goodwill		2,363		2,363
Intangible assets (Note 7)		4,179		3,527
	$	113,594	$	72,646
Liabilities				
Current:				
Accounts payable and accrued liabilities	$	9,943	$	9,114
Deferred revenue		2,530		2,216
Current portion of deferred gain (Note 6)		79		79
Current portion of deferred lease inducements (Note 8)		176		126
Current portion of derivative liabilities (Note 2)		250		170
Current portion of notes payable (Note 9)		5,008		3,000
Current portion of obligations under capital lease (Note 5)		237		376
		18,223		15,081
Future income tax liability (Note 11)		166		-
Deferred gain (Note 6)		335		414
Deferred lease inducements (Note 8)		541		557
Derivative liabilities (Note 2)		875		170
Notes payable (Note 9)		53,104		16,404
Obligation under capital lease (Note 5)		11		232
		73,255		32,858
Shareholders' equity (Note 10)		40,339		39,788
	$	113,594	$	72,646
Commitments and contingencies (Note 16)				

On behalf of the Board of Directors

"Scott Shaw"
Director

"David Harrison"
Director

PEER 1 NETWORK ENTERPRISES, INC.
Consolidated Statements of Shareholders' Equity
For the Years Ended June 30, 2011 and 2010
(in thousands of United States dollars except number of shares)

	2011		2010	
	Number	**Amount**	**Number**	**Amount**
SHARE CAPITAL (Note 10)				
Common shares				
Balance at beginning of year	**119,721,834**	**$ 27,631**	119,314,323	$ 26,950
Stock options exercised	**210,903**	**213**	422,011	278
Warrants exercised	**833,333**	**422**	1,628,286	781
Purchase of shares for cancellation pursuant to normal course issuer bid	**(189,500)**	**(44)**	(1,642,786)	(378)
Balance at end of year	**120,576,570**	**28,222**	119,721,834	27,631
CONTRIBUTED SURPLUS				
Balance at beginning of year		**6,804**		4,766
Stock-based compensation		**2,052**		2,183
Stock options exercised		**(107)**		(145)
Balance at end of year		**8,749**		6,804
Warrants				
Balance at beginning of year	**833,333**	**86**	2,461,619	493
Warrants exercised	**(833,333)**	**(86)**	(1,628,286)	(407)
Balance at end of year	**-**	**-**	833,333	86
RETAINED EARNINGS				
Balance at beginning of year		**5,619**		4,709
Net income (loss)		**(1,109)**		2,241
Purchase of shares for cancellation pursuant to normal course issuer bid		**(211)**		(1,331)
Balance at end of year		**4,299**		5,619
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Balance at beginning of period		**(352)**		(279)
Other comprehensive loss		**(579)**		(73)
Balance at end of year		**(931)**		(352)
Total - shareholders' equity		**$ 40,339**		$ 39,788

PEER 1 NETWORK ENTERPRISES, INC.
Consolidated Statement of Operations and Comprehensive Loss
For the Years Ended June 30, 2011 and 2010
(in thousands of United States dollars, except per share amounts)

		2011		2010
Revenue				
Colocation services	$	**30,684**	$	27,751
Hosting services		**82,134**		70,172
		112,818		97,923
Cost of revenue		**69,572**		58,819
Gross profit		**43,246**		39,104
Operating expenses		**39,117**		31,663
Operating income before other items		**4,129**		7,441
Other items:				
Interest income		**(17)**		(19)
Gain on insurance recovery		**-**		(93)
Gain on disposal of property and equipment		**(45)**		(74)
Settlement of legal claim		**24**		440
Loss on derivative		**-**		111
Foreign exchange loss		**447**		304
Interest expense – long term		**2,758**		1,338
		3,167		2,007
Income before income taxes		**962**		5,434
Future income tax expense (recovery)		**1,329**		(646)
Current income tax expense		**742**		3,839
Income tax expense (Note 11)		**2,071**		3,193
Net income (loss)	$	**(1,109)**	$	2,241
Other comprehensive income:				
Change in unrealized fair value of derivatives designated as cash flow hedges		**(579)**		(73)
Comprehensive income (loss)	$	**(1,688)**	$	2,168
Net income (loss) attributable to:				
Common shares	$	**(1,109)**	$	2,241
Comprehensive income (loss) attributable to:				
Common shares		**(1,688)**		2,168
Basic and diluted earnings (loss) per share (Note 10)	$	**(0.01)**	$	0.02
Weighted average number of shares outstanding (Note 10):				
Basic		**120,095,064**		120,685,262
Diluted		**120,095,064**		124,462,399

PEER 1 NETWORK ENTERPRISES, INC.
Consolidated Statement of Cash Flows
For the Years Ended June 30, 2011 and 2010
(in thousands of United States dollars)

	2011	2010
Operating Activities:		
Net income (loss)	$ (1,109)	$ 2,241
Adjustments for non-cash items:		
Amortization of property and equipment	18,830	13,857
Amortization of intangible assets	727	652
Ineffective portion of cash flow hedge	283	-
Bad debt expense	426	583
Gain on disposal of property and equipment	(45)	(74)
Gain on insurance recovery	-	(93)
Amortization of deferred gain	(78)	(78)
Amortization of deferred loan origination fees	474	250
Future income tax expense (recovery)	1,329	(646)
Stock-based compensation included in income	2,052	2,183
Increase (decrease) in deferred lease inducements	35	(119)
Changes in non-cash working capital:		
Increase in accounts receivable	(3,623)	(30)
Decrease (increase) in prepaid expenses	204	(464)
Increase (decrease) in accounts payable and accrued liabilities	(487)	1,145
Decrease in income taxes payable	(2,252)	(2,822)
Increase (decrease) in deferred revenue	313	(951)
Cash flows from operating activities	17,079	15,634
Investing Activities:		
Acquisition of subsidiary, net of cash acquired	-	(534)
Investment in other assets	(592)	(133)
Acquisition of property and equipment	(48,372)	(30,257)
Acquisition of intangible assets	(1,367)	(1,627)
Proceeds on disposition of equipment	55	74
Cash flows used in investing activities	(50,276)	(32,477)
Financing Activities:		
Proceeds from notes payable issued	74,171	7,000
Repayments of notes payable	(35,921)	(2,250)
Payment of capital lease obligations	(389)	(278)
Payment of derivative liabilities	(283)	-
Issuance of capital stock	442	506
Purchase of shares for cancellation pursuant to normal course issuer bid	(255)	(1,710)
Cash flows from financing activities	37,765	3,268
Foreign exchange gain on cash and cash equivalents	914	152
Increase (decrease) in cash and cash equivalents	5,482	(13,423)
Cash and cash equivalents, beginning	2,321	15,744
Cash and cash equivalents, ending	$ 7,803	$ 2,321
Supplemental Disclosure of Cash Flow Information (Note 12)		

1. Significant Accounting Policies:

a) Nature of Operations:

Peer 1 Network Enterprises, Inc. (the "Company") was incorporated under the laws of British Columbia. The Company is a provider of Internet infrastructure solutions and related managed services. The Company provides colocation facilities with high performance Internet bandwidth and hosting servers to web-centric and enterprise customers in North America and the UK. The Company has established local offices and data centers in Canada, USA, and the UK, and also has established points of presence in London, UK and Amsterdam in the Netherlands. The corporate headquarters are in Vancouver.

These consolidated financial statements for the fiscal year ended June 30, 2011 have been prepared in accordance with Canadian generally accepted accounting principles for annual financial information filed with the British Columbia Securities Commission. It is management's opinion that all adjustments considered necessary for fair presentation of the financial position, results of operations and cash flow for the annual periods presented have been made.

b) Basis of Consolidation:

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Peer 1 Network (USA) Inc., Colobrokers.com Inc., 585065 B.C. Ltd., Inc. Peer 1 (UK) Ltd., and VIA Hosting Services, Inc. ("VIA") As at June 30, 2010, the following companies were merged into Peer 1 Network (USA) Inc.: Peer 1 Network (Seattle) Inc., Peer 1 Network (San Jose) Inc., Peer 1 Network (New York) Inc., Peer 1 Network (Nevada) GP, Inc., Peer 1 Network (Nevada) LP, Inc., ServerBeach Ltd., Data Center Technologies IP Inc., Peer 1 Dedicated Hosting Inc., Peer 1 Network (Texas), LP, Peer 1 Network (LA).

c) Cash and Cash Equivalents:

Cash and cash equivalents consist of cash and highly liquid money market instruments with original maturities of three months or less.

d) Property and Equipment:

The following assets are recorded at cost. Amortization is provided on a declining balance basis at the following annual rates:

Data Center equipment	20%
Computer equipment	30%
Furniture and fixtures	30%
Network equipment	20%

1. Significant Accounting Policies: (continued)

d) Property and Equipment: (continued)

Dedicated servers that are included as part of the dedicated server business unit are amortized straight line over their expected useful life, which is 36 months for purchased servers and 24 months for servers that have been acquired as a result of a business combination.

Amortization of leasehold improvements is provided on a straight-line basis over the terms of the respective leases. Equipment under capital lease is amortized based on the asset category to which they belong.

The carrying values of property and equipment are reviewed when indications of impairment exist. When the net carrying amount of the property and equipment exceeds the estimated net recoverable amount, the asset is written down to its estimated fair value and a charge is recorded in the consolidated statement of operations.

e) Leases:

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the future minimum lease payments or the property's fair value at the beginning of such lease.

f) Goodwill:

Goodwill is recorded at the amount originally recognized. Goodwill is tested for impairment in value on an annual basis. Fair value is determined based on the present value of discounted cash flows. Following the impairment test at year-end, management has concluded that there has been no impairment in the value of goodwill.

g) Intangible Assets:

Computer software comprising PC based software acquired for internal use is amortized on a straight line basis over three years. Computer software acquired as a component of revenue producing assets, or internal systems such as accounting or customer relations management systems is amortized over the expected useful life of the software. Amortization commences when the asset is put into service. Licenses are recorded at cost. Amortization is provided on a straight-line basis over the term of the licenses.

h) Deferred Lease Inducements:

Lease inducements, including rent free periods, are deferred and accounted for as a reduction of rent expense over the term of the related leases on a straight-line basis.

1. Significant Accounting Policies: (continued)

i) Future Income Taxes:

Income taxes are calculated using the asset and liability method of tax allocation. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet, and unutilized losses carried forward are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using tax rates anticipated to apply in the year that the temporary differences are expected to reverse. The carrying value of the future income tax asset is limited to the amount that is more likely than not to be realized.

j) Financing Costs:

Costs directly identifiable with the raising of capital are charged against the related capital stock. Costs incurred to obtain debt financing are netted against the related indebtedness, deferred and amortized by a charge to interest expense over the term of the related debt using the effective interest rate method. Financing costs expensed for 2011 are $474 (2010: $250).

k) Capitalization of Internally Developed Software:

Internally developed software is stated at cost less accumulated amortization and is amortized using the straight line method over its estimated useful life. Software assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable over the remaining lives of the assets. Costs are capitalized during the software application development stage. Upgrades and enhancements are capitalized if they result in added functionality which enables the software to perform tasks it was previously incapable of performing.

Software maintenance, training, data conversion and business process reengineering costs are expensed in the period in which they are incurred.

l) Foreign Currency Translations:

Monetary assets and liabilities denominated in currencies other than United States dollars are translated at the rate of exchange in effect at the end of the year. Revenue and expense items are translated at the rate of exchange in effect on the dates they occur. Exchange gains or losses are recognized immediately in the consolidated statement of operations.

The Company's non-US subsidiaries are managed as integrated operations and accordingly are accounted for under the temporal method. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the year. Exchange gains or losses arising from the translation are included in operations.

1. Significant Accounting Policies: (continued)

m) Revenue Recognition:

The two primary sources of revenue are from Colocation services and Hosting services. Colocation services include colocation, internet bandwidth connectivity, and other Colocation related services including: IP monitoring, tape back-up, technical support, additional access cards, additional power and DNS services. Hosting services include the provision of hosting servers and Internet bandwidth connectivity. Colocation and Hosting services revenue is recognized once an agreement is in place, the price is fixed or determinable, the service is provided and there is probable assurance of cash collection. Revenue is earned through monthly charges at contractually agreed upon prices. Revenue is recognized ratably over the term of the contract as services are provided to the customer. One-time installation fees are deferred and recognized on a straight-line basis over the contractual period, which typically varies from six months to three years.

n) Stock-based Compensation:

The stock-based compensation expense is recognized in accordance with CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments". Beginning January 1, 2004, the Company changed its accounting policy related to employee stock options, and began to recognize compensation expense for stock or stock option grants to employees, based on the fair value of the stock or stock options issued. Consideration paid by employees on the purchase of shares under the employee share purchase plan and exercise of stock options is recorded as share capital.

o) Earnings per Share:

The diluted earnings per share is calculated based on the weighted-average number of common shares outstanding during the year, plus the effects of dilutive common share equivalents. This method requires that the dilutive effect of outstanding options issued should be calculated using the treasury stock method. This method assumes that all common share equivalents have been exercised at the beginning of the period (or at time of issuance, if later), and that the funds obtained thereby were used to purchase common shares of the Company at the average trading price of common shares during the period. The basic earnings per share is calculated based on the weighted-average number of common shares outstanding during the year.

p) Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Significant estimates are used in determining, but are not limited to, the valuation of accounts receivable, the estimated useful lives of property and equipment and intangible assets, the recoverability of long-lived assets, the measurement of accrued liabilities, the measurement of future income tax valuation allowances and stock-based compensation expense. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results may differ from these estimates.

1. Significant Accounting Policies: (continued)

q) Derivative Financial Instruments:

The Company uses derivative financial instruments in the management of its interest rate exposure. The Company's policy is not to use derivative financial instruments for trading or speculative purposes.

Determination of fair value
The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparisons with similar instruments where observable market prices exist, discounted cash flow analyses, option pricing models and other valuation techniques commonly used by market participants. For certain derivatives, fair values may be determined in whole or in part from valuation techniques using non-observable market data or transaction prices. A number of factors such as bid-offer spread, credit profile and model uncertainty are taken into account, as appropriate, when values are calculated using valuations techniques.

Hedges
When the Company uses derivatives in hedge accounting relationships, the Company formally documents all relationships between hedging instruments and hedged item, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also assesses whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items. When hedging instruments become ineffective before their maturity or the hedging relationship is terminated, deferred gains or losses on such instruments are charged to earnings in the same period as the corresponding gains or losses for the hedged items; gains and losses or gains realized subsequently as a result of marking to market are charged directly to earnings. If the hedged item ceases to exist due to its maturity, expiry, cancellation or exercise before the hedging instrument expires, deferred gains or losses are charged to earnings.

Derivative financial instruments are classified as held for trading, unless they are designated as hedging instruments for which hedge accounting is applied.

Cash flow hedges
The Company has designated its interest-rate swap agreement as a cash flow hedge. In a cash flow hedge relationship, the portion of gains or losses on the hedging item that is determined to be an effective hedge is recognized in OCI, while the ineffective portion is recorded in net income. The amounts recognized in OCI are reclassified in net income when the hedged item affects net income. The Company has determined that the existing hedges are effective. Hedge accounting is discontinued prospectively when it is determined that the hedging instrument is no longer effective as a hedge, the hedging instrument is terminated or sold, or upon the sale or early termination of the hedged item.

1. Significant Accounting Policies: (continued)

r) Interest Expense:

The Company's policy is to expense all interest costs.

s) Financial Instruments:

Financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

The Company has designated its cash, cash equivalents, restricted cash and derivative financial instruments as held-for-trading, which are measured at fair value. Accounts receivable and security deposit are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities, obligations under capital lease and notes payable are classified as other financial liabilities. The Company had neither available-for-sale, nor held-to-maturity instruments during the years ended June 30, 2011 and 2010.

t) Changes in Accounting Polices:

i) In January 2009, the CICA issued Section 1582, "Business Combinations", which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combination and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier adoption permitted. The adoption of this standard has not had an impact on the Company's financial statements.

ii) In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standard. This Section carries forward existing Canadian guidance for preparing consolidated financial statements other than non-controlling interests. The Section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. . The adoption of this standard has not had an impact on the Company's financial statements.

iii) In January 2009, the CICA issued Section 1602, "Non-controlling Interests", which replaces existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period on or after January 1, 2011 with earlier adoption permitted. As of June 30, 2011 the Company has no non-controlling interests, and accordingly there is no currently expected impact as a result of the standard.

(dollar amounts are presented in thousands of
United States dollars, except per share amounts)

1. Significant Accounting Policies: (continued)

u) Recent Accounting Pronouncements:

In 2006, Canada's Accounting Standards Board announced that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011. The Company will commence reporting under IFRS in the first quarter of fiscal year 2012 with comparative figures for the transitional period. The International Accounting Standards Board's work plan has projects underway that are expected to result in new pronouncements that continue to evolve IFRS. As a result, IFRS as at the transition date may be different from its current form.

The Company has completed detailed analysis of relevant IFRS standards, drafted proposals for accounting policy change/adoption, and creation of financial statement templates in accordance with IFRS.

2. Derivatives Liabilities:

The carrying amount of the derivative financial instrument in a hedge relationship was as follows:

	2011	2010
Derivative financial instruments designated as cash flow hedges		
Interest – rate swap agreement	**$ 1,125**	$ 341

The interest rate swap matures at the same time as the notes payable described in Note 9.

3. Other Assets:

	2011	2010
Network installation fees	**$ 60**	$ 84
Restricted cash [(a)]	**250**	250
Security deposits/long-term prepaid	**1,913**	2,341
Trademark	**8**	7
Sublease rent incentive	**3**	6
	$ 2,234	$ 2,688

(a) The Company has issued a letter of credit of $250 (2010: $250) to a landlord in lieu of deposit requirements. The letter of credit has a term of one year, with annual renewal provisions. Certificate of deposit for the full amount of the issued letter of credit has been pledged as security, and is disclosed on the balance sheet under the caption of other assets.

(dollar amounts are presented in thousands of
United States dollars, except per share amounts)

4. Property and Equipment:

	2011		
	Cost	Accumulated amortization	Net
Computer equipment	$ 5,500	$ 2,177	$ 3,323
Data center equipment	11,784	5,216	6,568
Servers	63,999	41,203	22,796
Furniture and fixtures	851	514	337
Leasehold improvements	52,896	10,968	41,928
Network equipment	18,338	8,957	9,381
	$ 153,368	$ 69,035	$ 84,333

	2010		
	Cost	Accumulated amortization	Net
Computer equipment	$ 3,641	$ 1,256	$ 2,385
Data center equipment	9,198	4,085	5,113
Servers	48,927	31,853	17,074
Furniture and fixtures	786	389	397
Leasehold improvements	27,464	7,623	19,841
Network equipment	15,613	7,186	8,427
	$ 105,629	$ 52,392	$ 53,237

Included in 2011 total cost is $21,976 for projects which have not yet been put into use and have therefore not incurred amortization during the year (2010: $223). In 2011, expenditures for property and equipment were $49,674 (2010: $29,991).

Total amortization of property and equipment was $18,568 (2010: $13,630), $17,816 of which is included in cost of revenue (2010: $13,180), and $752 of which is included in operating expenses (2010: $449).

(dollar amounts are presented in thousands of
United States dollars, except per share amounts)

5. Equipment under Capital Lease:

In February 2008, the Company entered into a master capital lease agreement to acquire the right of use of certain network equipment. The leases under the master capital lease carry an interest rate of 6.3% and expire in January 2012. There are 5 separate leases under the master lease agreement with a term of 4 years and a one dollar purchase option per lease at expiry.

Additionally, the Company acquired leases in connection with the acquisition of VIA, with various expiry dates from August 2010 to February 2013.

	2011			**2010**		
	Cost	**Accumulated amortization**	**Net**	**Cost**	**Accumulated amortization**	**Net**
Network equipment	**$ 1,357**	**$ 708**	**$ 649**	$ 1,357	$ 547	$ 810
Computer equipment	**$ 200**	**$ 125**	**$ 75**	$ 200	$ 24	$ 176
	$ 1,557	**$ 833**	**$ 724**	$ 1,557	$ 571	$ 986

	2011	**2010**
Total minimum lease payments payable	**$ 252**	$ 644
Less: portion representing interest to be expensed over the remaining term of the leases	**4**	36
Principal outstanding	**248**	608
Less: current portion	**237**	376
Non-current portion	**$ 11**	$ 232

In aggregate the future minimum lease payments are $252. The following is a schedule of future minimum lease payments:

2012	$ 241
2013	11

Total amortization of equipment under capital lease is $262, which is included in cost of revenue (2010: $227).

(dollar amounts are presented in thousands of
United States dollars, except per share amounts)

6. Deferred Gain:

On August 9, 2006, the Company exercised its option to purchase its leased data center property located at 2300 NW Place, Miami, Florida. The gross purchase price was $4.6 million and was subject to closing adjustments. On September 26, 2006, the Company subsequently entered into a sale and leaseback arrangement for this property. The gross sale price was $5.6 million. The Company leased the premises back from the purchaser for an initial term of 10 years with the option to renew for a further two 5 year periods. After adjustments, the Company recorded a deferred gain of $788 on this transaction which is being amortized over the term of the lease. The unamortized balance of the deferred gain is $414 (2010: $493).

7. Intangible Assets:

	2011		
	Cost	**Accumulated amortization**	**Net**
Licenses	**$ 4,727**	**$ 4,727**	**-**
Computer software	**7,457**	**3,319**	**4,138**
Other intangibles	**41**	**-**	**41**
	$ 12,225	**$ 8,046**	**$ 4,179**

	2010		
	Cost	**Accumulated amortization**	**Net**
Licenses	$ 4,727	$ 4,727	$ -
Computer software	6,077	2,591	3,486
Other intangibles	41	-	41
	$ 10,844	$ 7,317	$ 3,527

Included in computer software is $689 relating to system integration software which has not yet been put into service and therefore was not amortized during the year (2010: $2,377). During the fiscal year ended June 30, 2011, $259 was amortized in respect of internally developed software (2010: $180). In 2011, expenditures for intangible assets were $1,380 (2010: $1,627).

Total amortization of intangible assets was $727 (2010: $652), $207 of which is included in cost of revenue (2010: $118), and $520 of which is included in operating expenses (2010: $534).

(dollar amounts are presented in thousands of
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8. Deferred Lease Inducements:

		2011		2010
Deferred lease inducements	**$**	**717**	$	683
Less: current portion		**176**		126
	$	**541**	$	557

9. Notes Payable:

On November 9, 2010, the Company entered into credit agreement (the "CA") with National Bank of Canada as Agent (the "Agent") under which the Agent and other lenders (the "Lenders") agreed to provide the Company with two credit facilities (the "Facilities") a revolving facility (the "Revolving Facility") for a term of five years, for up to $30,000,000 (or the Canadian dollar equivalent) and a non-revolving facility (the "Non-Revolving Facility") for a term of five years for up to $45,000,000 (or the Canadian equivalent). Loans ("Loans") made under either Facility may be, at the Company's option, made in Canadian dollars pursuant to Prime Rate Loans or Banker's Acceptances or in US dollars pursuant to US Base Rate Loans or LIBO Rate Loans, all as defined in the CA. In addition, Letters of Credit in either Canadian or US dollars are available under the Revolving Facility. At the Company's option, the Company can convert Loans from one type to another. Both Facilities mature five years after the closing date, which is on December 14, 2010. The Revolving Facility has an accordion feature (the "Accordion Feature"), which subject to credit approval, allows the Company to borrow up to an additional $25,000,000. The Accordion Feature must be drawn in multiples of $5,000,000 and is available to be drawn down up to 90 days preceding the Maturity Date. Repayment terms of the Accordion Feature are the same of those under the Revolving Facility.

Notes payable as of June 30, 2011 include amounts payable to National Bank of Canada. Pursuant to the adoption of CICA Handbook Section 3855, amounts are shown net of related transaction and financing costs. Details are as follows:

		2011		2010
Notes payable under non-revolving term facility [(a)]	**$**	**44,515**	$	7,000
Notes payable under revolving term facility [(b)]		**14,515**		12,750
Less: unamortized deferred loan origination fees		**(918)**		(346)
Notes payable, net of related transaction and financing costs		**58,112**		19,404
Less: current portion		**(5,008)**		(3,000)
	$	**53,104**	$	16,404

(a) On May 29, 2009, the Company entered into a credit agreement with National Bank of Canada for a three year resolving facility up to US$25 million ("Facility A"). Facility A was fully paid off on December 14, 2010. On November 9, 2010, the Company entered into a credit agreement with National Bank as Agent under which the Agent and other lenders agreed to provide the Company with a revolving facility (the "Revolving Facility") for a term of five years, for up to US$30 million (or the Canadian dollar equivalent). As of June 30, 2011, the Company has advanced CDN$14 million under the revolving facility.

(b) On May 29, 2009, the Company entered into a credit agreement with National Bank of Canada for a three year resolving facility up to US$15 million ("Facility B"). Facility B was fully paid off on December 14, 2010. On November 9, 2010, the Company entered into a credit agreement with National Bank as Agent under which the Agent and other lenders agreed to provide the Company with a non-revolving facility (the "Non-Revolving Facility") for a term of five years for up to US$45 million (or the Canadian equivalent). As of June 30, 2011, the Company has advanced US$30 million and CDN$14 million under the non-revolving facility.

The Facilities are secured by all of the Company's property, present and future, tangible and intangible. The Company is in compliance with covenants related to the Facilities.

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10. Shareholders' Equity:

Capital Stock:

The Company is authorized to issue unlimited common shares without par value and unlimited preferred shares without par value.

Warrants:

The following non-transferable share purchase warrants are outstanding:

Exercise Price	Outstanding at June 30, 2010	Issued	Exercised	Outstanding at June 30, 2011	Expiry Date
CDN$0.40	833,333	-	(833,333)	-	January 31, 2011

Stock Options:

The Company's stock-based compensation plans include an Employee Stock Option Plan ("Option Plan").

In 2002, the Company's Board of Directors adopted the Option Plan (as amended in 2006 and 2008), which provided for a maximum of 20% of the number of common shares outstanding to be allocated to Option Plan participants. On this basis, at June 30, 2011, the maximum of common shares available under the Option Plan was 4,440,585 (2010 – 6,913,013), of which remained available for grant thereunder.

Terms and conditions of options granted under the Option Plan are determined solely by the Company's Board of Directors. Under the Option Plan, the exercise price of each option equals the last trading price on the Toronto Stock Exchange on the day prior to the option grant date. The term of option grants may not exceed 10 years from the date of the grant of the option. Generally, options are granted with a three year vesting period (1/3 vesting on the 1st anniversary of the grant, and thereafter 1/24th of the remaining unvested Options vest monthly) with the total grant expiring five years after the grant date.

As at June 30, 2011, the Company had 18,551,889 stock options outstanding. During the year ended June 30, 2011, the term on 3,912,400 stock options was extended to December 31, 2011. Stock based compensation recognized as a result of this extension was $18.

	2011		2010	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
Outstanding, beginning	18,809,828	$1.01	16,027,850	$0.89
Granted	250,000	$1.67	4,088,950	$1.05
Exercised	257,817	$0.79	561,667	$0.49
Expired	150,695	$0.66	532,111	$0.66
Forfeited	99,427	$1.21	213,194	$1.26
Outstanding, ending	18,551,889	$1.12	18,809,828	$1.01
Options exercisable, ending	15,120,650	$1.38	12,229,522	$0.91

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10. Shareholders' Equity: (continued)

Stock Options: (continued)

The following table summarizes stock options outstanding and exercisable:

	Range of Exercise Prices	Number Outstanding 2011	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
Outstanding, ending	$0.37 – $0.71	3,927,400	0.50 Years	$0.63
Outstanding, ending	$0.72 – $1.04	300,000	2.62 Years	$1.04
Outstanding, ending	$1.05 – $1.38	12,425,858	2.59 Years	$1.23
Outstanding, ending	$1.39 – $1.70	1,898,631	2.29 Years	$1.43
Options exercisable, ending	$0.37 – $0.71	3,927,400	0.50 Years	$0.63
Options exercisable, ending	$0.72 – $1.04	255,556	2.62 Years	$1.22
Options exercisable, ending	$1.05 – $1.38	9,129,722	2.21 Years	$1.68
Options exercisable, ending	$1.39 – $1.70	1,807,972	2.24 Years	$1.50

During the fiscal year ended June 30, 2011, directors and officers of the Company were granted aggregate 250,000 options with an exercise price of $1.67 expiring December 16, 2015 (2010: 3,203,950).

The fair value of each option is estimated as at the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2011	**2010**
Dividend yield	**-**	-
Expected volatility	**53%**	55%
Risk-free interest rate	**2.3%**	2.5%
Expected average option term	**5 Years**	5 years

The weighted average fair value of the options granted to employees and directors of the Company during the year was $0.80 (2010: $0.51) per option. The 2011 stock based compensation expense is $2,052 (2010: $2,183).

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10. Shareholders' Equity: (continued)

Earnings per Share:

		2011		2010
Basic earnings per share:				
Net earnings (loss) available to common shareholders	**$**	**(1,109)**	$	2,241
Weighted average number of common shares outstanding		**120,095,064**		120,685,262
	$	**(0.01)**	$	0.02
Diluted earnings per share:				
Net earnings (loss) available to common shareholders	**$**	**(1,109)**	$	2,241
Weighted average number of common shares outstanding		**120,095,064**		120,685,262
Dilutive effect of warrants [(a)]		**-**		802,093
Dilutive effect of stock options [(a)]		**-**		2,975,044
Adjusted weighted average number of common shares		**120,095,064**		124,462,399
	$	**(0.01)**	$	0.02

(a) The adjusted weighted average number of common shares excludes potential effects of increase to shares of 323,654 shares from warrants and 3,471,094 from stock options. They have been excluded from the computation of the weighted average number of common shares as they were anti-dilutive for the fiscal year ended June 30, 2011.

Normal Course Issuer Bid:

Pursuant to the Company's normal course issuer bid (NCIB), as approved by the Toronto Stock Exchange on April 13, 2010, the Company is entitled to acquire from April 16, 2010 to April 15, 2011 up to 6,064,731 common shares of the Company's issued and outstanding shares as at April 12, 2010. Furthermore, pursuant to the Company's NCIB, as approved by the Toronto Stock Exchange on May 11, 2011, the Company is entitled to acquire from May 16, 2011 to May 15, 2012 up to 6,028,818 common shares of the Company's issued and outstanding shares as at May 10, 2011. For the fiscal year ended June 30, 2011, the Company has purchased for cancellation a total of 189,500 common shares under this program for $255 (2010: 1,642,786 common shares for $1,709).

The excess of the purchase price over the average stated value of shares purchased for cancellation was charged to retained earnings.

	Common shares purchased for cancellation	Charged to share capital	Charged to retained earnings	Paid
Balance, June 30, 2009	-	$ -	$ -	$ -
Purchased during fiscal 2010:				
June 30, 2010	1,642,786	378	1,331	1,709
Balance, June 30, 2010	1,642,786	$ 378	$ 1,331	$ 1,709
Purchased during the quarter:				
September 30, 2010	189,500	44	211	255
December 31, 2010	-	-	-	-
March 31, 2011	-	-	-	-
June 30, 2011	-	-	-	-
Balance, June 30, 2011	1,832,286	$ 422	$ 1,542	$ 1,964

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11. Income Taxes:

Income tax expense consists of:

	2011	2010
Current tax expense	**$ 742**	$ 3,839
Future tax expense (recovery)	**1,329**	(646)
	$ 2,071	$ 3,193

Income taxes vary from the amount that would be computed by applying the estimated combined statutory income tax rate of 26.88% (2010: 28.75%) for the following reasons:

	2011	2010
Expected income tax expense	**$ 257**	$ 1,562
Permanent differences	**1,255**	803
Other	**559**	828
Income tax expense	**$ 2,071**	$ 3,193

Significant components of the future tax assets are shown below:

	2011	2010
Non-capital losses carried forward	**$ 2,916**	$ 1,145
Tax depreciation in excess of accounting depreciation	**(3,318)**	(631)
Deferred lease inducements	**205**	252
Deferred gain	**157**	187
Other	**1,062**	1,044
Net future tax assets	**$ 1,022**	$ 1,997

Presented on the Consolidated Balance Sheet as:

	2011	2010
Future income tax asset - current	**$ 1,188**	$ 97
Future income tax asset – long term	**-**	1,900
Future income tax liability – long term	**(166)**	-
Net future tax assets	**$ 1,022**	$ 1,997

The Company’s management evaluates the likelihood that future income tax assets will be realized based on projected future earnings and tax planning strategies.

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11. Income Taxes: (continued)

At June 30, 2011, the Company had the following unused tax losses for which it has recognized a future income tax asset:

	Unused tax losses	Expiry dates
Tax loss carry-forwards		
Canada	**1,185**	**2031**
United States	**654**	**2030-2031**
United Kingdom	**9,486**	**No expiry**

12. Supplemental Disclosure of Cash Flow Information:

	2011	2010
Interest paid	**$ 2,122**	$ 1,045
Income taxes paid	**2,969**	6,620
Interest received	**17**	19
Effect of acquisition of property and equipment in accounts payable	**1,302**	(267)

13. Related Party Balances and Transactions:

The Company has entered into a number of related party transactions with companies either owned or subject to significant influence by management, directors, and principal shareholders.

The significant transactions with related parties are as follows:

	2011	2010
Transactions during the year:		
Revenue earned from companies owned or subject to significant influence by directors and principal shareholders	**$ 141**	$ 128
Other expenses from companies owned or subject to significant influence by directors and principal shareholders	**$ 1**	$ 1

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13. Related Party Balances and Transactions: (continued)

These transactions are in the normal course of operations and are measured at their exchange amounts, which is the amount of consideration established and agreed to by the related parties.

	2011	2010
Balances at the end of the year:		
Accounts receivable from companies owned or subject to significant influence by directors and principal shareholders	$ -	$ -

The balances are payable on demand and have arisen from the sale of products, provision of services and invoice payments.

14. Capital Risk Management:

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents, notes payable and equity comprising of issued capital, contributed surplus and retained earnings. As at June 30, 2011, the Company's capital totaled $90,698 (2010: $57,478).

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new share issues, share repurchases, the payment of dividends, the issue of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is subject to externally imposed capital requirements as required under the terms of its loan agreement, which includes the maintenance of financial ratios. The Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2011.

15. Financial Risk Management:

a) Overview:

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Management has overall responsibility for the oversight of the Company's risk management within parameters established by the board of directors.

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15. Financial Risk Management: (continued)

b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company has adopted a credit policy which includes a requirement for payment at commencement of service for dedicated hosting and colocation customers.

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. The Company's customers are primarily located in the United States, Canada and the UK and represent various industries. At June 30, 2011, no single customer represented more than 5% of accounts receivable. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance is a specific loss component that relates to individually significant exposures, and an overall loss component established based on historical trends and other information. Trade accounts receivable are written off against the allowance account after management has determined that the loss is probable. As at June 30, 2011, the Company had an allowance for doubtful accounts of $383 (2010: $585). At June 30, 2011, the Company had no individually material past due trade accounts receivables (2010: $nil).

	As at June 30,	
	2011	**2010**
Total accounts receivable	**$ 6,830**	$ 3,834
Less: allowance for doubtful accounts	**(383)**	(585)
Accounts receivable, net	**$ 6,447**	$ 3,249
Of which:		
Not overdue	**$ 2,190**	$ 1,121
1-30 days	**1,605**	1,470
31-60 days	**218**	440
61-90 days	**161**	129
91 days and over	**152**	28
Less: allowance for doubtful accounts	**(383)**	(585)
Accounts receivable – other	**2,504**	646
Accounts receivable, net	**$ 6,447**	$ 3,249

	As at June 30,	
	2011	**2010**
Allowance for doubtful accounts, beginning	**$ 585**	$ 922
Foreign exchange effect on opening balance	**8**	25
Bad debt expense	**426**	583
Acquired from VIA acquisition	**-**	23
Write-off of uncollectible accounts	**(636)**	(968)
Allowance for doubtful accounts, ending	**$ 383**	$ 585

15. Financial Risk Management: (continued)

c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at June 30, 2011, the Company had financial assets held for trading of $7,803 (2010: $2,321), loans and receivables of $6,447 (2010: $3,249) and other financial liabilities of $68,302 (2010: $29,126). All of the Company's financial liabilities have contracted maturities of less than 5 years. The Company manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments. The Company provides its services in the United States, Canada and the UK, substantially all of the Company's financial assets and liabilities originate in United States dollars, Canadian dollars and UK Pound Sterling. Foreign exchange effects on revenue largely provide a natural hedge which offset exchange effects on expenses. The Company is subject to interest rate risk on its cash and cash equivalents. A change of 1% in interest rates for the three months ended June 30, 2011 would have changed net income by $148 (2010: $49). A change of 1% in interest rates for the year ended June 30, 2011 would have changed net income by $458 (2010: $163).

e) Fair value of financial instruments:

The fair values of financial assets and financial liabilities are determined as follows:

i) For cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities carrying amounts approximate fair value due to their short-term maturity;
ii) The fair value of notes payable and obligations under capital lease approximate their carrying value as their effective interest rates approximate current market rates;
iii) The fair value of derivative financial instruments is determined based on fair market valuation methods.

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15. Financial Risk Management: (continued)

e) Fair value of financial instruments: (continued)

CICA Handbook Section 3862 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

	Fair Value at June 30, 2011			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash equivalent	**$ 7,803**	**$ 7,803**	**$ -**	**$ -**
Accounts receivable	**6,447**	**6,447**	**-**	**-**
Security deposit/long-term	**1,913**	**-**	**1,913**	**-**
Restricted cash	**250**	**250**	**-**	**-**
	16,413	**14,500**	**1,913**	**-**
Liabilities				
Accounts payable	**$ 9,943**	**$ 9,943**	**$ -**	**$ -**
Notes payable	**58,112**	**58,112**	**-**	**-**
Lease obligations	**248**	**248**	**-**	**-**
Derivatives	**1,125**	**-**	**1,125**	**-**
	$ 69,428	**$ 68,303**	**$ 1,125**	**$ -**

The three levels of the fair value hierarchy established by Section 3862 are as follows:

Level 1:
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities and amounts resulting from direct arms-length transactions.

Cash and cash equivalents, accounts receivable, restricted cash, accounts payable, notes payable, and lease obligations are valued using quoted market prices or from amounts resulting from direct arms-length transactions. As a result, these financial assets and liabilities have been included in Level 1 of the fair value hierarchy.

Level 2:
Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full contractual term. Derivatives are included in Level 2 of the fair value hierarchy as they are valued using price models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward price curves, yield curves and credit spreads. Security deposits are included in Level 2 of the fair value hierarchy as they are valued using amortized cost method.

Level 3:
Inputs for the asset or liability are not based on observable market data. Currently the Company has no financial instruments at this level.

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16. Commitments and Contingencies:

a) Premises leases

The Company has entered into agreements to lease premises which expire between fiscal 2011 and 2020. The future minimum lease payments for the next five fiscal years are as follows:

2012	$ 7,491
2013	7,402
2014	5,803
2015	5,010
2016	3,709

b) Service agreements

The Company has entered into a series of agreements to obtain bandwidth, backbone, peering, local loop/cross connect and points of presence services. These agreements expire between 2012 and 2016. Minimum payments for the next five fiscal years under the contracts are as follows:

	2012	2013	2014	2015	2016
Bandwidth	$ 243	$ 147	$ -	$ -	$ -
Backbone	1,943	600	197	-	115
Peering	50	-	-	-	-
Local loop/cross connect	352	291	291	-	6
Points of presence	42	-	-	-	-
	$ 2,630	$ 1,038	$ 488	$ -	$ 121

c) Other commitments

The Company has entered into agreements to purchase certain software licenses. These agreements expire between fiscal 2012 and 2013. Minimum payments for the next two fiscal years under the contracts are as follows:

2012	$ 2,613
2013	1,546

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17. Segmented Information:

Management has determined that the Company operates in a single reportable operating segment which involves the provision of outsourced data center infrastructure services. The Company provides its services in the United States, Canada and the UK and substantially all of the Company's identifiable assets as at June 30, 2011 are located in the United States, Canada and the UK.

The Company’s service offerings include the provision of physical space within its data centers, a complete suite of managed and unmanaged dedicated hosting services and high availability bandwidth connectivity. The Company makes decisions and evaluates financial performance primarily based on these service offerings.

Management has determined that the Company operates in a single reportable operating segment which involves the provision of outsourced data center infrastructure services. The Company provides its services in the United States, Canada and the UK and substantially all of the Company's identifiable assets as at June 30, 2011 are located in the United States, Canada and the UK. The Company’s service offerings include the provision of physical space within its data centers, a complete suite of managed and unmanaged dedicated hosting services and high availability bandwidth connectivity. The Company makes decisions and evaluates financial performance primarily based on these service offerings.

Geographic segment information is shown on the basis of the geographic location of the permanent establishment that derived the results. The geographic segments in operation are as follows:

	Canada	US	UK	2011
Revenue	$ 26,033	$ 83,230	$ 3,555	**$ 112,818**
Property and equipment	35,753	34,991	14,313	**85,057**
Goodwill	-	2,363	-	**2,363**
Intangible assets	95	4,039	45	**4,179**
Amortization of property and equipment	4,341	13,327	1,162	**18,830**
Amortization of intangible assets	49	670	8	**727**

	Canada	US	UK	2010
Revenue	$ 20,146	$ 76,678	$ 1,099	**$ 97,923**
Property and equipment	21,603	30,337	2,283	**54,223**
Goodwill	-	2,363	-	**2,363**
Intangible assets	686	2,818	23	**3,527**
Amortization of property and equipment	1,820	11,565	472	**13,857**
Amortization of intangible assets	30	618	4	**652**