

TUCOWS FINANCIAL STATEMENTS, Q3 2001

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

	Three months ended September 30,		Nine months ended September 30,	
	2000	2001	2000	2001
Net revenues	\$ 4,320,315	\$ 8,200,917	\$ 8,527,759	\$ 21,779,959
Cost of revenues	2,486,149	5,929,612	4,503,557	14,500,083
Gross profit	1,834,166	2,271,305	4,024,202	7,279,876
Operating expenses:				
Sales and marketing, which includes stock-based compensation of \$27,707, \$27,707, \$65,385 and \$82,218, respectively	2,824,853	1,522,296	7,403,299	5,292,725
Technical operations and development	1,248,022	1,411,193	2,676,730	4,054,074
General and administrative, which includes stock-based compensation of \$13,303, \$13,303, \$35,715 and \$39,474, respectively	997,486	912,277	2,662,430	2,850,088
Depreciation of property and equipment	389,172	631,024	1,102,375	2,462,042
Amortization of intangible assets	2,942,731	1,325,700	8,603,669	3,189,146
Total operating expenses	8,402,264	5,802,490	22,448,503	17,848,075
Loss from operations	(6,568,098)	(3,531,185)	(18,424,301)	(10,568,199)
Interest income/(expense), net	71,587	(156,428)	173,962	(157,184)
Loss before provision for income taxes	(6,496,511)	(3,687,613)	(18,250,339)	(10,725,383)
Provision for income taxes	-	-	-	-
Loss for the period	\$ (6,496,511)	\$ (3,687,613)	\$ (18,250,339)	\$ (10,725,383)
	\$ (1.51)	\$ (0.07)	\$ (4.25)	\$ (0.20)

Loss per common share - basic and diluted

Weighted average shares outstanding - basic and diluted	4,291,500	56,574,253	4,291,500	53,297,131
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Tucows Inc.
Consolidated Balance Sheets
(Dollar amounts in U.S. dollars)

December 31, 2000 September 30, 2001
(unaudited)

Assets

Current assets:

Cash and cash equivalents	\$ 2,170,195	\$ 5,034,588
Accounts receivable, net of allowance for doubtful accounts of \$276,579 at September 30, 2001 and \$248,500 at December 31, 2000	767,104	1,600,499
Prepaid expenses and deposits	983,544	1,865,381
Prepaid domain name registry fees	7,873,677	9,960,006
Total current assets	11,794,520	18,460,474
Prepaid domain name registry fees, net of current portion	1,584,408	2,215,277
Property and equipment	3,842,364	4,068,302
Intangible assets	5,204,446	2,015,300
Investments	100,000	1,578,737
Total assets	\$ 22,525,738	\$ 28,338,090

Liabilities and Stockholders' Deficiency

Current liabilities:

Accounts payable	\$ 2,796,892	\$ 1,958,124
Accrued liabilities	3,467,592	3,191,461
Customer deposits	2,150,185	2,531,147
Obligations under capital lease	-	70,994
Deferred revenue	13,109,801	17,786,695
Total current liabilities	21,524,470	25,538,421
Deferred revenue, net of current portion	2,698,131	3,483,734
Obligations under capital lease, net of current portion	-	59,119
Stockholders' deficiency		

Capital stock	44,390,257	58,532,817
Common stock to be issued	1,512,778	-
Options	1,072,412	-
Deferred stock-based compensation	(508,704)	(387,012)
Deficit	(48,163,606)	(58,888,989)
Total stockholders' deficiency	(1,696,863)	(743,184)
Total liabilities and stockholders' deficiency	\$ 22,525,738	\$ 28,338,090