

TUCOWS FINANCIAL STATEMENTS, Q2 2002

This page prints out best in landscape format

[Consolidated Balance Sheets](#)
[Consolidated Statements of Operations](#)
[Consolidated Statements of Cash Flows](#)

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

	June 30, 2002 (unaudited)	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,870,965	\$ 4,814,189
Restricted cash (note 1)	\$ 746,000	-
Accounts receivable, net of allowance for doubtful accounts of \$363,579 at June 30, 2002 and \$276,579 at December 31, 2001	322,203	817,990
Prepaid expenses and deposits	2,095,362	2,041,927
Prepaid domain name registry fees, current portion	10,889,447	10,034,413
Total current assets	19,923,977	17,708,519
Restricted cash (note 1)	450,000	-
Prepaid domain name registry fees, long term portion	3,307,667	2,599,962
Property and equipment	2,098,427	3,691,390
Intangible assets	-	222,222
Investments	353,737	1,367,072
Total assets	\$ 26,133,808	\$ 25,589,165
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable	\$ 1,442,150	1,958,744
Accrued liabilities	1,382,786	2,242,858
Customer deposits	2,245,958	1,951,336
Obligations under capital lease	27,495	58,772

Deferred revenue, current portion	18,925,874	18,444,280
Total current liabilities	24,024,263	24,655,990
Deferred revenue, long term portion	5,495,257	4,270,341
Obligations under capital lease, net of current portion	38,093	52,387
Capital stock	58,532,816	58,532,816
Deferred stock-based compensation	(265,318)	(346,000)
Deficit	(61,691,303)	(61,576,369)
Total stockholders' deficiency	(3,423,805)	(3,389,553)
Total liabilities and stockholders' deficiency	\$ 26,133,808	\$ 25,589,165

Note 1:

The Company has entered into a series of forward foreign exchange contracts, whereby an amount of U.S.\$375,000 is converted into Canadian dollars on a semi-monthly basis from June 2002 until the end of December 2003. As margin security against these Contracts, the Company has placed \$1,196,000 into secured term deposits, which mature on a monthly basis in line with the Contracts. The margin security in the amount of \$1,196,000 is reflected as restricted cash on the balance sheet.

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

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Net revenues	\$ 9,480,187	\$ 7,187,394	\$ 19,406,720	\$ 13,579,042
Cost of revenues	5,636,988	4,653,170	12,231,513	8,570,470
Gross profit	3,843,199	2,534,224	7,175,207	5,008,572
Operating expenses:				
Sales and marketing (*)	800,897	1,819,352	1,905,753	3,770,430
Technical operations and development	958,780	1,396,797	2,017,709	2,642,881
General and administrative(*)	1,151,621	1,093,453	2,186,453	1,937,812
Depreciation of property and equipment	764,576	966,063	1,894,674	1,831,018
Amortization of intangible assets	55,556	937,586	222,222	1,863,446

Total operating expenses	3,731,430	6,213,251	8,226,811	12,045,587
Income (loss) from operations	111,769	(3,679,027)	(1,051,604)	(7,037,015)
Other Income (expenses)				
Interest income	21,019	(27,193)	38,865	(756)
Write down of investment in bigchalk.com	(1,013,335)	-	(1,013,335)	-
Gain on disposal of Liberty Registry Management Services Inc.	-	-	1,955,443	-
Loss on disposal of Eklektix Inc.	-	-	(44,304)	-
	(992,316)	(27,193)	936,669	(756)
Loss before provision for income taxes	(880,547)	(3,706,220)	(114,935)	(7,037,771)
Provision for income taxes	-	-	-	-
Net loss for the period	\$ (880,547)	\$ (3,706,220)	\$ (114,935)	\$ (7,037,771)
Basic and diluted loss per share	\$ (0.01)	\$ (0.86)	\$ (0.00)	\$ (1.64)
Shares used in computing basic and diluted loss per common share	\$ 64,626,429	\$ 4,291,500	\$ 64,626,429	\$ 4,291,500

(*) Stock-based compensation has been included in operating expenses as follows:

Sales and marketing	\$ 27,406	\$ 27,406	\$ 54,511	\$ 54,511
General and administrative	\$ 13,159	\$ 13,159	\$ 26,172	\$ 26,172

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

Three months ended

June 30,

Six months ended

June 30,

	2002	2001	2002	2001
Cash provided by (used in):				
Operating activities:				
Net Loss for the period	\$ (880,547)	\$ (3,706,220)	\$ (114,935)	\$ (7,037,771)
Items not involving cash:				
Depreciation of property and equipment	764,576	966,063	1,894,674	1,831,018
Amortization of intangible assets	55,556	937,586	222,222	1,863,446
Write down of investment in bigchalk.com	1,013,335	-	1,013,335	-
Stock-based compensation	40,565	40,565	80,683	80,683
Gain on disposal of Liberty Registry Management Services Inc.	-	-	(1,955,443)	-
Loss on write-off of Eklektix Inc.	-	-	44,304	-
Change in non-cash operating working capital:				
Accounts receivable	115,049	62,989	322,883	206,093
Prepaid expenses and deposits	(221,508)	(271,661)	(192,858)	(714,781)
Prepaid domain name registry fees	(935,607)	(964,264)	(1,839,971)	(3,209,171)
Accounts payable	(134,651)	290,409	(179,149)	(734,313)
Accrued liabilities	(396,762)	86,533	(741,268)	684,487
Customer deposits	236,021	130,170	309,217	18,007
Deferred revenue	1,476,004	740,798	2,974,449	2,679,622
Cash provided by (used in) operating activities	1,132,031	(1,687,032)	1,838,143	(4,332,680)
Financing activities:				
Proceeds on rights issue	-	-	-	3,024,369
Loans payable	-	3,800,000	-	3,800,000
Repayments of obligations under capital leases	(25,795)	-	(45,571)	-
Cash provided by (used in) financing activities	(25,795)	3,800,000	(45,571)	6,824,369
Investing activities:				
Additions to property and equipment	(242,683)	(816,455)	(448,057)	(1,971,214)
Increase in restricted cash - being margin security against forward exchange contracts (note 1)	(1,196,000)	-	(1,196,000)	-
Investment in Afiliás Limited	-	(95,706)	-	(95,706)
Proceeds on disposal of Liberty Registry Management Services Inc.,	-	-	938,889	-

net of cash disposed				
Proceeds on disposal of Eklektix Inc., net of cash disposed	-	-	(30,628)	-
Deferred acquisition costs	-	-	-	(313,098)
Cash provided by (used in) investing activities	(1,438,683)	(912,161)	(735,796)	(2,380,018)
Increase (decrease) in cash and cash equivalents	(332,447)	1,200,807	1,056,776	111,671
Cash and cash equivalents, beginning of period	\$ 6,203,412	\$ 1,081,058	\$ 4,814,189	\$ 2,170,194
Cash and cash equivalents, end of period (inclusive of restricted cash)	\$ 5,870,965	\$ 2,281,865	\$ 5,870,965	\$ 2,281,865
Supplemental cash flow information:				
Interest paid	\$ 7,130	\$ 37,361	\$ 11,628	\$ 37,664