

TUCOWS FINANCIAL STATEMENTS, Q2 2004

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, 2004	December 31, 2003
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,918,720	\$ 12,912,811
Restricted cash	361,250	132,500
Accounts receivable	638,604	486,289
Prepaid expenses and deposits	2,047,274	2,061,948
Prepaid domain name registry fees, current portion	15,309,091	13,204,566
Total current assets	30,274,939	28,798,114
Prepaid domain name registry fees, long-term portion	6,327,869	5,136,194
Property and equipment	824,195	1,048,400
Intangible assets	2,324,787	-
Investments	353,737	353,737
Cash held in escrow	1,000,000	-
Total assets	\$ 41,105,527	\$ 35,336,445
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,283,037	\$ 1,632,294
Accrued liabilities	2,062,852	2,088,235
Customer deposits	2,173,090	2,160,601
Deferred revenue, current portion	23,554,350	20,715,191

Total current liabilities	29,073,329	26,596,321
Deferred revenue, long-term portion	9,411,802	7,874,001
Stockholders' equity:		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding	-	-
Common stock - no par value, 250,000,000 shares authorized; 66,597,688 shares issued and outstanding as of June 30, 2004 and 64,626,429 shares issued and outstanding as of December 31, 2003	9,459,696	8,540,687
Additional Paid-in Capital	49,992,129	49,992,129
Deferred stock-based compensation	-	(20,593)
Deficit	(56,831,429)	(57,646,100)
Total stockholders' equity	2,620,396	866,123
Total liabilities and stockholders' equity	\$ 41,105,527	\$ 35,336,445

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Net revenues	\$ 10,638,965	\$ 9,167,299	\$ 20,813,874	\$ 18,164,213
Cost of revenues	6,558,400	5,682,722	13,003,815	11,259,365
Gross profit	4,080,565	3,484,577	7,810,059	6,904,848
Operating expenses:				
Sales and marketing (*)	1,124,726	956,887	2,345,260	1,869,223
Technical operations and development	1,140,870	1,018,925	2,152,292	1,850,694
General and administrative(*)	834,503	1,155,219	1,907,575	1,778,199
Depreciation of property and equipment	317,331	441,951	630,317	876,916
Amortization of intangible assets	39,680	-	39,680	-

Total operating expenses	3,457,110	3,572,982	7,075,124	6,375,032
income from operations	623,455	(88,405)	734,935	529,816
Other Income				
Interest income, net	42,103	30,047	79,736	56,496
Gain on disposal of Liberty Registry Management Services Inc.	-	636,277	-	871,890
Total other income	42,103	666,324	79,736	928,386
Income before provision for income taxes	665,558	577,919	814,671	1,458,202
Provision for income taxes	-	-	-	-
Net income for the period	\$ 665,558	\$ 577,919	\$ 814,671	\$ 1,458,202
Basic and diluted earnings per common share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02
Shares used in computing basic earnings per common share	65,991,867	64,626,429	65,341,377	64,626,429
Shares used in computing diluted earnings per common share	72,370,411	64,674,737	72,144,584	64,652,926

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

Sales and marketing	\$ -	\$ 27,406	\$ 16,834	\$ 54,511
General and administrative	\$ -	\$ 13,158	\$ 3,759	\$ 26,171

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

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Cash provided by:				

Operating activities:				
Net income for the period	\$ 665,558	\$ 577,919	\$ 814,671	\$ 1,458,202
Items not involving cash:				
Depreciation of property and equipment	317,331	441,951	630,317	876,916
Amortization of intangible assets	39,680	-	39,680	-
Gain on change in the fair value of forward contracts	(110,148)	(337,358)	(91,263)	(884,228)
Stock-based compensation	-	40,564	20,593	80,682
Gain on disposal of Liberty Registry Management Services	-	(636,277)	-	(871,890)
Change in non-cash operating working capital:				
Accounts receivable	(11,616)	(38,260)	(74,284)	34,114
Prepaid expenses and deposits	75,495	2,262	110,615	(3,577)
Prepaid domain name registry fees	(1,259,188)	(709,212)	(3,296,200)	(1,668,636)
Accounts payable	26,192	(9,148)	(349,257)	(210,571)
Accrued liabilities	32,939	479,410	(222,482)	296,638
Customer deposits	50,481	143,523	3,600	141,709
Deferred revenue	1,569,497	844,488	4,376,960	2,260,190
Cash provided by operating activities	1,396,221	799,862	1,962,950	1,509,549
Financing activities:				
Proceeds received on exercise of stock options	491,407	-	644,469	-
Cash provided by financing activities	491,407	-	644,469	-
Investing activities:				
Additions to property and equipment	(245,106)	(152,425)	(353,250)	(620,622)
(Increase) decrease in restricted cash - being margin security against forward exchange contracts	(361,250)	225,000	(228,750)	450,000
Acquisition of Boardtown Corporation, net of cash acquired	(2,019,510)	-	(2,019,510)	-
Increase in cash held in escrow	(1,000,000)	-	(1,000,000)	-
Proceeds on disposal of Liberty Registry Management Services Inc., net of cash disposed	-	636,277	-	871,890
	(2,625,966)	709,957	(2,601,510)	701,269

Cash provided by (used in) investing activities	(3,023,000)	100,032	(3,001,310)	101,200
(Decrease) increase in cash and cash equivalents	(1,738,238)	1,508,714	(994,091)	2,210,817
Cash and cash equivalents, beginning of period	13,656,958	9,546,932	12,912,811	8,844,829
Cash and cash equivalents, end of period	\$ 11,918,720	\$ 11,055,646	\$ 11,918,720	\$ 11,055,646
Supplemental cash flow information:				
Interest paid	\$ 53	\$ 144	\$ 53	\$ 316
Supplemental disclosure of non-cash investing and financing activities:				
Common stock issued on the acquisition of Boardtown Corporation	\$ 274,540	\$ -	\$ 274,540	\$ -