

TUCOWS FINANCIAL STATEMENTS, Q1 2003

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

	March 31, 2003	December 31, 2002
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,546,932	\$ 8,844,829
Restricted cash (note 1)	712,500	937,500
Accounts receivable	266,323	338,697
Prepaid expenses and deposits	2,243,506	1,951,086
Prepaid domain name registry fees, current portion	11,597,474	11,145,187
Total current assets	24,366,735	23,217,299
Prepaid domain name registry fees, long-term portion	4,207,477	3,700,340
Property and equipment	1,614,553	1,581,321
Investments	353,737	353,737
Total assets	\$ 30,542,502	\$ 28,852,697
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable	\$ 1,404,207	\$ 1,605,630
Accrued liabilities	1,845,351	2,288,412
Customer deposits	1,955,843	1,957,657
Deferred revenue, current portion	19,111,915	18,431,100
Total current liabilities	24,317,316	24,282,799

Deferred revenue, long-term portion	6,664,804	5,929,917
Stockholders' deficiency:		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding	-	-
Common stock - no par value, 250,000,000 shares authorized; 64,626,429 shares issued and outstanding as of March 31, 2003 and December 31, 2002	8,540,687	8,540,687
Additional Paid-in Capital	49,992,129	49,992,129
Deferred stock-based compensation	(143,179)	(183,297)
Deficit	(58,829,255)	(59,709,538)
Total stockholders' deficiency	(439,618)	(1,360,019)
Total liabilities and stockholders' deficiency	\$ 30,542,502	\$ 28,852,697

Note 1:

The Company has entered into a series of forward 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 placed \$1,196,000 into secured term deposits, which mature on a monthly basis in line with the Contracts. The outstanding margin security in the amount of \$712,500 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 March 31,	
	2003	2002
Net revenues	\$ 8,996,914	\$ 9,926,533
Cost of revenues	5,576,643	6,594,525
Gross profit	3,420,271	3,332,008
Operating expenses:		
Sales and marketing (*)	912,336	1,104,856
Technical operations and development	831,769	1,058,929
General and administrative(*)	1,169,850	1,034,832

Depreciation of property and equipment	434,965	1,130,098
Amortization of intangible assets	-	166,666
Gain on change in fair value of forward contracts	(546,870)	-
Total operating expenses	2,802,050	4,495,381
Income (loss) from operations	618,221	(1,163,373)
Other income (expenses)		
Interest income, net	26,449	17,846
Gain on disposal of Liberty Registry Management Services Inc.	235,613	1,955,443
Loss on disposal of Eklektix Inc.	-	(44,304)
Total other income (expenses)	262,062	1,928,985
Income before provision for income taxes	880,283	765,612
Provision for income taxes	-	-
Net income for the period	\$ 880,283	\$ (765,612)
Basic and diluted earnings per share	\$ 0.01	\$ 0.01
Shares used in computing basic and diluted earnings per common share	64,626,429	64,626,429

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

Sales and marketing	\$ 27,105	\$ 27,105
General and administrative	\$ 13,013	\$ 13,013

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

Three months ended March 31,

2003

2002

Cash provided by (used in):

Operating activities:

Net Income for the period	\$	880,283	\$	765,612
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Items not involving cash:

Depreciation of property and equipment		434,965		1,130,098
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Amortization of intangible assets		-		166,666
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Gain on change in the fair value of forward contracts		(546,870)		-
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Stock-based compensation		40,118		40,118
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Gain on disposal of Liberty Registry Management Services Inc.		(235,613)		(1,955,443)
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Loss on write-off of Eklektix Inc.		-		44,304
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Change in non-cash operating working capital:

Accounts receivable		72,374		207,834
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Prepaid expenses and deposits		(5,839)		28,650
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Prepaid domain name registry fees		(959,424)		(904,364)
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Accounts payable		(201,423)		(44,498)
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Accrued liabilities		(182,772)		(344,506)
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Customer deposits		(1,814)		73,196
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Deferred revenue		1,415,702		1,498,445
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Cash provided by operating activities		709,687		706,112
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Financing activities:

Repayments of obligations under capital leases		-		(19,776)
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Cash used in financing activities		-		(19,776)
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Investing activities:

Additions to property and equipment		(468,197)		(205,374)
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Decrease in restricted cash- being margin security against forward exchange contracts		225,000		-
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Proceeds on disposal of Liberty Registry Management Services Inc., net of cash disposed		235,613		938,889
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Proceeds on disposal of Eklektix Inc., net of cash disposed		-		(30,628)
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Cash (used in) provided by investing		(7,584)		702,887
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activities

Increase in cash and cash equivalents	702,103	1,389,223
Cash and cash equivalents, beginning of period	8,844,829	4,814,189
Cash and cash equivalents, end of period	\$ 9,546,932	\$ 6,203,412
Supplemental cash flow information:		
Interest paid	\$ 172	\$ 4,498