

TUCOWS INC /PA/  
Form 10-Q  
November 14, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2007**

**OR**

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from            to**

**Commission file number 1-32600**

**TUCOWS INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Pennsylvania**

**23-2707366**

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(State or Other Jurisdiction of  
Incorporation or Organization)

(I.R.S. Employer  
Identification No.)

**96 Mowat Avenue,**

**Toronto, Ontario M6K 3M1, Canada**

(Address of Principal Executive Offices) (Zip Code)

**(416) 535-0123**

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes  No

As of November 12, 2007, there were 73,772,502 outstanding shares of common stock, no par value, of the registrant.

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TUCOWS INC.

Form 10-Q Quarterly Report

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**PART I.****FINANCIAL INFORMATION****Item 1. Financial Statements****Tucows Inc.****Consolidated Balance Sheets**

(Dollar amounts in U.S. dollars)

	<b>September 30, 2007 (unaudited)</b>	<b>December 31, 2006</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,915,732	\$ 6,256,392
Restricted cash	255,000	1,019,423
Accounts receivable, net of allowance for doubtful accounts of \$131,500 as of September 30, 2007 and \$147,500 as of December 31, 2006	3,971,950	2,969,997
Prepaid expenses and deposits	3,474,477	2,394,627
Prepaid domain name registry and other Internet services fees, current portion	24,669,326	22,168,558
Cash held in escrow (note 3 (d))	1,058,620	
Deferred tax asset, current portion	1,000,000	1,000,000
Total current assets	40,345,105	35,808,997
Prepaid domain name registry and other Internet services fees, long-term portion	10,559,073	9,511,341
Property and equipment	5,680,675	5,647,532
Deferred financing charges	142,600	
Deferred tax asset, long-term portion	2,000,000	2,000,000
Intangible assets (note 4)	22,363,906	18,554,436
Goodwill	17,762,228	12,094,817
Investment	353,737	353,737
Cash held in escrow (note 3(a))		694,579
Total assets	\$ 99,207,324	\$ 84,665,439
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,870,124	\$ 2,867,814
Accrued liabilities	3,038,887	2,567,012
Customer deposits	2,978,559	3,144,119
Promissory note payable, current portion	6,000,000	
Loan payable, current portion (note 5)	1,914,242	
Deferred revenue, current portion	34,853,150	31,658,081
Accreditation fees payable, current portion	479,546	847,325
Total current liabilities	51,134,508	41,084,351

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Deferred revenue, long-term portion	14,994,772	13,478,525
Accreditation fees payable, long-term portion	181,484	163,988
Promissory note payable, long-term portion		6,000,000
Loan payable, long-term portion (note 5)	7,337,927	
Deferred tax liability	5,396,000	5,396,000
<b>Stockholders' equity (note 9)</b>		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding		
Common stock - no par value, 250,000,000 shares authorized; 73,772,502 shares issued and outstanding as of September 30, 2007 and 75,978,502 shares issued and outstanding as of December 31, 2006		
	15,250,235	15,395,381
Additional paid-in capital	48,514,852	50,359,906
Deficit	(43,602,454)	(47,212,712)
<b>Total stockholders' equity</b>	<b>20,162,633</b>	<b>18,542,575</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 99,207,324</b>	<b>\$ 84,665,439</b>

See accompanying notes to unaudited consolidated financial statements

**Tucows Inc.**

**Consolidated Statements of Operations**

**(Dollar amounts in U.S. dollars)**

**(unaudited)**



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	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Net revenues	\$ 17,811,914	\$ 16,864,320	\$	