

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) is May 11, 2004

YP CORP.

(Exact name of registrant as specified in its charter)

|                                                                   |                          |                                         |
|-------------------------------------------------------------------|--------------------------|-----------------------------------------|
| NEVADA                                                            | 000-24217                | 85-0206668                              |
| -----                                                             | -----                    | -----                                   |
| (State or other jurisdiction of<br>incorporation or jurisdiction) | (Commission File Number) | (IRS Employer<br>Identification Number) |
| 4940 E. JASMINE STREET, SUITE 105, MESA,<br>ARIZONA               |                          | 85205                                   |
| -----                                                             | -----                    | -----                                   |
| (Address of principal<br>executive office)                        |                          | (Zip Code)                              |

Registrant's telephone number, including area code: (480) 654-9646

YP.NET, INC.  
(former name)

Item 7. EXHIBITS.

| EXHIBIT NO. | ITEM |
|-------------|------|
| -----       | ---- |

|      |                                                                                                                          |
|------|--------------------------------------------------------------------------------------------------------------------------|
| 99.1 | Press Release dated May 11, 2004 reporting the Registrant's earnings for the second fiscal quarter ended March 31, 2004. |
|------|--------------------------------------------------------------------------------------------------------------------------|

Item 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On May 11, 2004, YP Corp. issued a press release announcing its earnings for the second fiscal quarter ended March 31, 2004. A copy of the press release is attached as Exhibit 99.1.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1934, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 11, 2004

YP CORP.

/s/ Angelo Tullo

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Angelo Tullo, Chairman and Chief  
Executive Officer

YP CORP. REPORTS APPROXIMATELY 139% INCREASE IN REVENUE, 117% INCREASE IN OPERATING INCOME AND 123% INCREASE IN NET INCOME

Mesa, Arizona - (Business Wire)  
May 11, 2004

YP Corp.(TM), (OTCBB: YPNT) a leading provider of nationwide Internet Yellow Pages and related services reported its financial results for the three months ended March 31, 2004. Net Revenue for the three months ended March 31, 2004 was \$16,394,853 compared to \$6,849,044 for the comparable period ended March 31, 2003, an increase of approximately 139%. The increase in revenue is principally the result of an increase in the number of our Internet Advertising Package(TM) ("IAP") customers. The Company had approximately 305,000 IAP customers at March 31, 2004 compared to approximately 222,092 IAP customers at March 31, 2003, an increase of approximately 37%. The increase in IAP customers is due to the continued success of our marketing program. YP Corp. utilizes direct mailings as its primary marketing program and the sale of IAPs generates its principal revenue.

Operating income for the three months ended March 31, 2004 was \$5,013,865 compared to \$2,311,725 in the same period in fiscal 2003, an increase of approximately 117%. Operating margins were 31% compared to 34% in the same period in fiscal 2003. Income before income taxes for the three months ended March 31, 2004 was \$5,163,805 compared to \$2,504,774 in the comparable period in 2003, an increase of approximately 106%. Pre-tax margins were 32% in the fiscal 2004 period compared to 37% in the fiscal 2003 period. The decrease in operating and pre-tax margins is primarily the result of a short-term increase in dilution resulting from our program to convert direct-invoice billed customers to telephone billing through the customers' Local Exchange Carriers. However, we expect the dilution to be reduced to more normal levels over the next few quarters as this dilution runs its course through the billing system.

Net profits for the three months ended March 31, 2004 were \$3,348,599, or \$0.07 per share, compared to net profits of \$1,504,921, or \$0.03 per share in the comparable period in 2003 or an increase of approximately 123% in net income. Net margins were 20% for the three months ended March 31, 2004 versus 22% for the fiscal 2003 period. The decrease in operating and pre-tax margins is primarily the result of a short-term increase in dilution resulting from our program to convert direct-invoice billed customers to telephone billing through the customers' Local Exchange Carriers. However, we expect the dilution to be reduced to more normal levels over the next few quarters as this dilution runs its course through the billing system.

Angelo Tullo, YP Corp.'s CEO commented, "We are seeing strong growth in fiscal 2004. Despite the short-term decrease in our margins in the second quarter resulting from the dilution attributable to our conversion program, we expect the long-term effect on profitability to be positive as a result of our efforts."

YP Corp. will be conducting a conference call to discuss the second quarter financial results at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time), which will include comments by Angelo Tullo, Chairman and Chief Executive Officer, and a financial review by David Iannini, Chief Financial Officer.

Interested parties may access the call by using confirmation code 507564 at (800) 289-0494 for U.S. participants, or at (913) 981-5520 for international participants. In addition, a recording of the call will be available for two weeks by referencing the confirmation code and calling (888) 203-1112 for U.S. participants, or (719) 457-0820 for international participants. This information will also be available on our website at [www.YP.Com](http://www.YP.Com).

About YP Corp.

YP Corp., a leading provider of Internet-based Yellow Pages services, offers an Internet Advertising Package ("IAP") that includes a Mini-WebPage(TM) and Preferred Listing through its Yellow Pages web site at [www.YP.Com](http://www.YP.Com). The Company's web site contains listings for approximately 18 million businesses in the United States and 150 million individuals in the United States and Canada. As of March 31, 2004, YP Corp. had approximately 305,000 IAP advertisers.

YP Corp. also provides an array of other Internet services that complement its Yellow Pages web site, including an Internet Dial-Up Package(TM) (dial-up Internet access) and QuickSite(TM) (web site design & hosting services).

YP Corp. is a longstanding member, exhibitor and sponsor of the two major Yellow Pages trade associations - Yellow Page Integrated Media Association "YPIMA," the major trade association of Yellow Pages publishers throughout the world, and the Association of Directory Publishers "ADP," which mostly represents independent Yellow Pages publishers. YP Corp. is based in Mesa, AZ. For more information, visit the web site at [www.YP.Com](http://www.YP.Com).

This press release includes statements that constitute "forward-looking statements," which are often characterized by the terms "may," "believes," "projects," "expects," or "anticipates," and do not reflect historical facts. Specific forward-looking statements contained in this press release include, but are not limited to the Company's (i) anticipation that the increase in dilution was a short-term event and will be reduced in future quarters; (ii) anticipation of continued growth; (iii) expectation that its efforts will result in increased profitability in the long-term. Forward-looking statements involve risks, uncertainties and other factors that may cause actual results, performance or achievements of YP Corp. and its subsidiary to be materially different from those expressed or implied by such forward-looking statements. Factors that could affect the Company's results and cause them to materially differ from those contained in the forward-looking statements contained herein include, without limitation the Company's failure to attract or obtain new Internet Advertising Package customers, to realize the desired results of its marketing and solicitation efforts or the failure to launch its branding campaign.

Other factors that may affect forward-looking statements and the Company's business generally include but are not limited to: (i) the success of existing competitors and the introduction of new competitors in the market; (ii) the impact of existing or new regulation on the Company's marketing and solicitation efforts; (iii) risk factors and cautionary statements made in the Company's Annual Report on Form 10-KSB for the period ended September 30, 2003; and (iv) other factors that YP Corp. is currently unable to identify or quantify, but may exist in the future.

Forward-looking statements speak only as of the date the statement was made. YP Corp. does not undertake and specifically declines any obligation to update any forward-looking statements.

Public Relations contact:

YP Corp.  
David Iannini  
Chief Financial Officer  
YP.Net, Inc.  
480-654-9646 x1258  
Fax 480-654-9747

<TABLE>  
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YP CORP.  
UNAUDITED CONSOLIDATED BALANCE SHEET  
AS OF MARCH 31, 2004

ASSETS:

CURRENT ASSETS

| <S>                                                                        | <C>          |
|----------------------------------------------------------------------------|--------------|
| Cash and equivalents                                                       | \$ 2,242,002 |
| Accounts receivable, net of allowance for doubtful accounts of \$5,193,394 | 13,231,132   |
| Prepaid expenses and other current assets                                  | 306,815      |
| Deferred tax asset                                                         | 1,375,329    |
|                                                                            | -----        |
| Total current assets                                                       | 17,155,278   |

|                                                                                             |           |
|---------------------------------------------------------------------------------------------|-----------|
| ACCOUNTS RECEIVABLE, long term portion, net of allowance for doubtful accounts of \$359,203 | 1,022,348 |
|---------------------------------------------------------------------------------------------|-----------|

|                                                                            |           |
|----------------------------------------------------------------------------|-----------|
| CUSTOMER ACQUISITION COSTS, net of accumulated amortization of \$2,297,854 | 3,745,788 |
|----------------------------------------------------------------------------|-----------|

|                             |         |
|-----------------------------|---------|
| PROPERTY AND EQUIPMENT, net | 763,603 |
|-----------------------------|---------|

|                           |        |
|---------------------------|--------|
| DEPOSITS AND OTHER ASSETS | 45,380 |
|---------------------------|--------|

|                                                                            |           |
|----------------------------------------------------------------------------|-----------|
| INTELLECTUAL PROPERTY- URL, net of accumulated amortization of \$2,100,460 | 3,432,638 |
|----------------------------------------------------------------------------|-----------|

|                        |           |
|------------------------|-----------|
| ADVANCES TO AFFILIATES | 5,071,892 |
|------------------------|-----------|

|              |              |
|--------------|--------------|
| TOTAL ASSETS | \$31,236,927 |
|              | =====        |

LIABILITIES AND STOCKHOLDERS' EQUITY:

CURRENT LIABILITIES:

|                                |            |
|--------------------------------|------------|
| Accounts payable               | \$ 822,474 |
| Accrued liabilities            | 1,994,232  |
| Notes payable- current portion | 115,868    |
| Income taxes payable           | 4,155,425  |
|                                | -----      |

|                           |           |
|---------------------------|-----------|
| Total current liabilities | 7,087,999 |
|---------------------------|-----------|

|                                                                                                                                                       |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| DEFERRED INCOME TAXES                                                                                                                                 | 40,518       |
| Total liabilities                                                                                                                                     | 7,128,517    |
| STOCKHOLDERS' EQUITY:                                                                                                                                 |              |
| Series E convertible preferred stock, \$.001 par value, 200,000 shares authorized,<br>131,840 issued and outstanding, liquidation preference \$39,552 | 11,206       |
| Common stock, \$.001 par value, 100,000,000 shares authorized,<br>55,373,636 issued, 48,874,302 outstanding                                           | 48,874       |
| Paid in capital                                                                                                                                       | 9,751,126    |
| Deferred stock compensation                                                                                                                           | (4,032,024)  |
| Treasury stock at cost                                                                                                                                | (690,306)    |
| Retained earnings                                                                                                                                     | 19,019,534   |
| Total stockholders' equity                                                                                                                            | 24,108,410   |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY                                                                                                            | \$31,236,927 |

<FN>

See the notes to these unaudited financial statements set forth in the Company's  
Form 10-QSB for the quarter ended March 31, 2004

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YP CORP.  
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND SIX MONTH PERIODS ENDED MARCH 31, 2004 AND MARCH 31, 2003

|                                                | Three Months<br>Ended<br>March 31, 2004 | Six Months<br>Ended<br>March 31, 2004 | Three Months<br>Ended<br>March 31, 2003 | Six Months<br>Ended<br>March 31, 2003 |
|------------------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|---------------------------------------|
| <S>                                            | <C>                                     | <C>                                   | <C>                                     | <C>                                   |
| NET REVENUES                                   | \$ 16,394,853                           | \$ 30,261,820                         | \$ 6,849,044                            | \$ 12,590,499                         |
| OPERATING EXPENSES:                            |                                         |                                       |                                         |                                       |
| Cost of services                               | 6,618,537                               | 11,500,939                            | 1,848,966                               | 3,671,116                             |
| General and administrative expenses            | 3,134,522                               | 5,925,265                             | 1,666,108                               | 3,042,186                             |
| Sales and marketing expenses                   | 1,428,210                               | 2,718,390                             | 862,939                                 | 1,495,374                             |
| Depreciation and amortization                  | 199,719                                 | 395,912                               | 159,306                                 | 298,238                               |
| Total operating expenses                       | 11,380,988                              | 20,540,506                            | 4,537,319                               | 8,506,914                             |
| OPERATING INCOME                               | 5,013,865                               | 9,721,314                             | 2,311,725                               | 4,083,585                             |
| OTHER (INCOME) AND EXPENSES                    |                                         |                                       |                                         |                                       |
| Interest (income) expense                      | (78,545)                                | (149,698)                             | (12,069)                                | (12,789)                              |
| Other (income) expense                         | (71,395)                                | (346,153)                             | (180,980)                               | (229,886)                             |
| Total other (income) expense                   | (149,940)                               | (495,851)                             | (193,049)                               | (242,675)                             |
| INCOME BEFORE INCOME TAXES                     | 5,163,805                               | 10,217,165                            | 2,504,774                               | 4,326,260                             |
| INCOME TAX PROVISION (BENEFIT)                 | 1,815,206                               | 3,583,881                             | 999,853                                 | 1,728,447                             |
| NET INCOME                                     | \$ 3,348,599                            | \$ 6,633,284                          | \$ 1,504,921                            | \$ 2,597,813                          |
| NET INCOME PER SHARE:                          |                                         |                                       |                                         |                                       |
| Basic                                          | \$ 0.07                                 | \$ 0.14                               | \$ 0.03                                 | \$ 0.06                               |
| Diluted                                        | \$ 0.07                                 | \$ 0.14                               | \$ 0.03                                 | \$ 0.06                               |
| WEIGHTED AVERAGE<br>COMMON SHARES OUTSTANDING: |                                         |                                       |                                         |                                       |
| Basic                                          | 46,946,458                              | 46,904,402                            | 43,271,333                              | 42,011,711                            |

|         |            |            |            |            |
|---------|------------|------------|------------|------------|
| Diluted | 46,946,458 | 46,904,402 | 43,271,333 | 42,011,711 |
|---------|------------|------------|------------|------------|

<FN>  
 See the notes to these unaudited financial statements set forth in the Company's Form 10-QSB for the quarter ended March 31, 2004

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YP CORP.  
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE SIX MONTH PERIODS ENDED MARCH 31, 2004 AND MARCH 31, 2003

|                                                                                             | SIX MONTHS<br>ENDED<br>MARCH 31, 2004 | SIX MONTHS<br>ENDED<br>MARCH 31, 2003 |
|---------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:                                                       |                                       |                                       |
| <S>                                                                                         | <C>                                   | <C>                                   |
| Net income                                                                                  | \$ 6,633,284                          | \$ 2,597,813                          |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                       |                                       |
| Depreciation and amortization                                                               | 395,912                               | 298,239                               |
| Income recognized on forgiveness of debt                                                    | -                                     | (45,362)                              |
| Loss on disposal of fixed assets                                                            | 36,932                                |                                       |
| Amortization of deferred stock compensation                                                 | 503,071                               | -                                     |
| Deferred income taxes                                                                       | 37,962                                | 155,175                               |
| Officers & consultants paid common stock                                                    | -                                     | 453,750                               |
| Common stock surrendered                                                                    | -                                     | (160,979)                             |
| Changes in assets and liabilities:                                                          |                                       |                                       |
| Trade and other accounts receivable                                                         | (5,801,351)                           | (2,283,431)                           |
| Customer acquisition costs                                                                  | (502,547)                             | (1,218,660)                           |
| Prepaid and other current assets                                                            | (152,539)                             | (113,628)                             |
| Other assets                                                                                | 35,000                                | 52,096                                |
| Receivable from affiliate                                                                   |                                       | (110,121)                             |
| Accounts payable                                                                            | 394,051                               | 148,684                               |
| Accrued liabilities                                                                         | (72,743)                              | (105,603)                             |
| Due to affiliates                                                                           |                                       | 14,017                                |
| Income taxes payable                                                                        | 1,466,113                             | 1,573,273                             |
| Net cash provided by operating activities                                                   | 2,973,145                             | 1,255,263                             |
| CASH FLOWS FROM INVESTING ACTIVITIES:                                                       |                                       |                                       |
| Advances made to affiliates and related parties                                             | (2,725,000)                           | (400,000)                             |
| Purchases of intellectual property                                                          | (151,863)                             | (6,761)                               |
| Purchases of equipment                                                                      | (233,128)                             | (469,548)                             |
| Net cash (used in) investing activities                                                     | (3,109,991)                           | (876,309)                             |
| CASH FLOWS FROM FINANCING ACTIVITIES:                                                       |                                       |                                       |
| Proceeds from debt                                                                          | -                                     | 147,000                               |
| Principal repayments on notes payable                                                       | -                                     | (454,000)                             |
| Net cash (used)/provided by financing activities                                            | -                                     | (307,000)                             |
| (DECREASE) INCREASE IN CASH                                                                 | (136,846)                             | 71,954                                |
| CASH, BEGINNING OF PERIOD                                                                   | 2,378,848                             | 767,108                               |
| CASH, END OF PERIOD                                                                         | \$ 2,242,002                          | \$ 839,062                            |

<FN>  
 See the notes to these unaudited financial statements set forth in the Company's Form 10-QSB for the quarter ended March 31, 2004

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