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

	March 31, 2008	December 31, 2007
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 7,506,468	\$ 8,093,476
Accounts receivable	3,488,300	3,422,180
Prepaid expenses and deposits	2,992,440	3,132,129
Prepaid domain name registry and other Internet services fees, current portion	27,498,326	25,473,465
Cash held in escrow	1,078,031	1,070,632
Deferred tax asset, current portion	2,000,000	2,000,000
<b>Total current assets</b>	<b>44,563,565</b>	<b>43,191,882</b>
Prepaid domain name registry and other Internet services fees, long-term portion	11,271,602	10,765,862
Property and equipment	4,779,837	4,963,311
Deferred financing charges	114,700	128,200
Deferred tax asset, long-term portion	1,000,000	1,000,000
Intangible assets	21,698,540	22,150,738
Goodwill	17,490,807	17,490,807
Investment	353,737	353,737
<b>Total assets</b>	<b>\$ 101,272,788</b>	<b>\$ 100,044,537</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,747,421	\$ 2,689,346
Accrued liabilities	3,012,682	3,289,087
Customer deposits	3,167,194	3,267,784
Promissory note payable, current portion	6,000,000	6,000,000
Loan payable, current portion	2,914,242	1,914,242
Deferred revenue, current portion	37,757,064	35,465,584
Accreditation fees payable, current portion	533,187	483,090
<b>Total current liabilities</b>	<b>56,131,790</b>	<b>53,109,133</b>
Deferred revenue, long-term portion	15,835,098	15,147,644
Accreditation fees payable, long-term portion	188,064	181,345
Loan payable, long-term portion	5,380,806	6,859,366
Deferred tax liability	5,396,000	5,396,000
<b>Stockholders' equity:</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; 73,888,542 shares issued and outstanding at March 31, 2008 and 73,888,542 shares issued and outstanding at December 31, 2007	15,350,915	15,350,915
Additional paid-in capital	48,609,513	48,537,313
Deficit	(45,619,398)	(44,537,179)
 Total stockholders' equity	 18,341,030	 19,351,049
 Total liabilities and stockholders' equity	 \$ 101,272,788	 \$ 100,044,537

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

	Three months ended March 31, 2008	2007
 Net revenues	 \$ 18,711,207	 \$ 17,771,217
 Cost of revenues:		
Cost of revenues(*)	13,149,932	11,232,789
Depreciation of property and equipment	825,837	809,666
Amortization of intangible assets	73,457	63,532
 Total cost of revenues	 14,049,226	 12,105,987
 Gross profit	 4,661,981	 5,665,230
 Expenses:		
Sales and marketing(*)	1,696,132	1,344,444
Technical operations and development(*)	1,565,854	1,812,279
General and administrative(*)	1,794,865	1,498,769
Depreciation of property and equipment	61,070	61,524
Amortization of intangible assets	385,161	233,301
 Total expenses	 5,503,082	 4,950,317
 Income (loss) from operations	 (841,101)	 714,913
 Other income (expenses):		
Interest income (expense), net	(209,984)	(41,649)
Other income, net	-	88,431
 Total other income (expense)	 (209,984)	 46,782
 Income (loss) before provision for income taxes	 (1,051,085)	 761,695
 Provision for income taxes	 31,134	 12,000

Net income (loss) for the period	\$ (1,082,219)	\$ 749,695
Basic earnings (loss) per common share	\$ (0.01)	\$ 0.01
Shares used in computing basic earnings (loss) per common share	73,888,542	75,459,822
Diluted earnings (loss) per common share	\$ (0.01)	\$ 0.01
Shares used in computing diluted earnings (loss) per common share	73,888,542	77,959,165

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

Cost of revenues	\$ 4,300	\$ 2,500
Sales and marketing	\$ 18,300	\$ 14,200
Technical operations and development	\$ 20,700	\$ 20,100
General and administrative	\$ 28,900	\$ 25,900

**Tucows Inc.**  
**Reconciliation of EBITDA and Adjusted Net Income**  
(Dollar amounts in U.S. dollars)  
(unaudited)

	Three months ended March 31, 2008	2007
Net income (loss) for the period	\$ (1,082,219)	\$ 749,695
Depreciation of property and equipment	886,907	871,190
Amortization of intangible assets	458,618	296,833
Interest income (expense), net	209,984	41,649
Provision for income taxes	31,134	12,000
EBITDA	504,424	1,971,367
Adjustments to EBITDA (1)		
Change in prepaid domain name registry and other Internet services fees	(2,530,601)	(1,980,653)
Change in deferred revenue	2,978,934	2,896,925
Dividend income	-	(88,431)
Reversal of contingencies	-	(357,500)
Subtotal Adjustments to EBITDA	448,333	470,341

Adjusted Net Income	\$ 952,757	\$ 2,441,708

(1) **Adjustments to EBITDA**

We define Adjusted EBITDA as net income adjusted for depreciation, amortization, interest, taxes and further adjusted for certain cash and non-cash charges.

The net amount of cash we collected for domain registrations and other Internet services paid for the full term at the time of activation and deferred amounted to \$448,333 for the three months ended March 31, 2008 compared to \$916,272 for the three months ended March 31, 2007.

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

	Three months ended March 31, 2008	2007
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net income (loss) for the period	\$ (1,082,219)	\$ 749,695
Items not involving cash:		
Depreciation of property and equipment	886,907	871,190
Amortization of deferred financing charges	13,500	-
Amortization of intangible assets	458,618	296,833
Unrealized change in the fair value of forward exchange contracts	255,433	(216,789)
Stock-based compensation	72,200	62,700
Change in non-cash operating working capital:		
Accounts receivable	(66,120)	(852,623)
Prepaid expenses and deposits	139,689	(727,236)
Prepaid fees for domain name registry and other Internet services fees	(2,530,601)	(1,980,653)
Accounts payable	(433,827)	(408,137)
Accrued liabilities	(531,838)	649,139
Customer deposits	(100,590)	(175,124)
Deferred revenue	2,978,934	2,896,925
Accreditation fees payable	56,816	(708)
<b>Cash provided by operating activities</b>	<b>116,902</b>	<b>1,165,212</b>
<b>Financing activities:</b>		
Proceeds received on exercise of stock options	-	101,071
Repurchase of shares	-	(1,327,500)
Repayment of loan payable	(478,560)	-
<b>Cash used in financing activities</b>	<b>(478,560)</b>	<b>(1,226,429)</b>

<b>Investing activities:</b>		
Cost of domain names acquired	(6,420)	(28,728)
Additions to property and equipment	(211,531)	(1,202,630)
Decrease in restricted cash - being margin security against forward exchange contracts	-	251,638
Acquisition of Hosted Messaging Assets from Critical Path Inc., net of cash acquired	-	(90,050)
(Decrease) increase in cash held in escrow	(7,399)	694,579
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Cash used in investing activities	(225,350)	(375,191)
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Decrease in cash and cash equivalents	(587,008)	(436,408)
Cash and cash equivalents, beginning of period	8,093,476	6,256,392
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Cash and cash equivalents, end of period	\$ 7,506,468	\$ 5,819,984
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 <b>Supplemental cash flow information:</b>		
Interest paid	\$ 259,337	\$ 105,000
 <b>Supplementary disclosure of non-cash investing activity:</b>		
Capital assets acquired during the period not yet paid for	\$ 764,972	\$ 1,146,066
Dividend receivable	\$ -	\$ 88,431

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