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

	June 30 2008	December 31, 2007
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Assets		
Current assets:		
Cash and cash equivalents	\$ 2,947,069	\$ 8,093,476
Accounts receivable	3,138,257	3,422,180
Prepaid expenses and deposits	3,237,366	3,132,129
Prepaid domain name registry and other		
Internet services fees, current portion	28,479,571	25,473,465
Cash held in escrow	1,083,397	1,070,632
Deferred tax asset, current portion	500,000	500,000
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Total current assets	39,385,660	41,691,882
Prepaid domain name registry and other		
Internet services fees, long-term portion	11,466,553	10,765,862
Property and equipment	4,887,720	4,963,311
Deferred financing charges	102,000	128,200
Deferred tax asset, long-term portion	2,500,000	2,500,000
Intangible assets	20,991,504	22,150,738
Goodwill	17,490,807	17,490,807
Investment	353,737	353,737
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Total assets	\$ 97,177,981	\$100,044,537
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Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 3,329,112	\$ 2,689,346
Accrued liabilities	2,627,816	3,289,087
Customer deposits	3,286,783	3,267,784
Promissory note payable	-	6,000,000
Loan payable, current portion	1,914,242	1,914,242
Deferred revenue, current portion	38,354,640	35,465,584
Accreditation fees payable, current portion	510,900	483,090
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Total current liabilities	50,023,493	53,109,133
Deferred revenue, long-term portion	16,036,242	15,147,644
Accreditation fees payable, long-term portion	187,655	181,345
Loan payable, long-term portion	4,902,246	6,859,366
Deferred tax liability	5,396,000	5,396,000
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; 73,923,542 shares issued		

and outstanding at June 30, 2008 and 73,888,542 shares issued and outstanding at December 31, 2007	15,368,310	15,350,915
Additional paid-in capital	48,674,568	48,537,313
Deficit	(43,410,533)	(44,537,179)
Total stockholders' equity	20,632,345	19,351,049
Total liabilities and stockholders' equity	\$ 97,177,981	\$100,044,537

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

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net revenues	\$ 20,450,329	\$ 20,814,881	\$ 39,161,536	\$ 38,586,098
Cost of revenues:				
Cost of revenues(*)	13,663,097	12,198,808	26,813,029	23,431,597
Depreciation of property and equipment	816,260	985,430	1,642,097	1,795,096
Amortization of intangible assets	31,941	63,540	105,398	127,072
Total cost of revenues	14,511,298	13,247,778	28,560,524	25,353,765
Gross profit	5,939,031	7,567,103	10,601,012	13,232,333
Expenses:				
Sales and marketing(*)	1,730,736	1,480,078	3,426,868	2,824,522
Technical operations and development(*)	1,573,741	1,752,693	3,139,595	3,564,972
General and administrative(*)	1,326,218	810,872	3,121,083	2,309,641
Depreciation of property and equipment	58,861	68,267	119,931	129,791
Amortization of intangible assets	376,954	222,741	762,115	456,042
Total expenses	5,066,510	4,334,651	10,569,592	9,284,968
Income (loss) from operations	872,521	3,232,452	31,420	3,947,365
Other income				

(expenses):				
Interest income				
(expense), net	(166,421)	(49,297)	(376,405)	(90,946)
Other income, net	1,532,765	-	1,532,765	88,431
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Total other income				
(expense)	1,366,344	(49,297)	1,156,360	(2,515)
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Income before provision for income taxes	2,238,865	3,183,155	1,187,780	3,944,850
Provision for income taxes	30,000	12,000	61,134	24,000
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Net income for the period	\$ 2,208,865	\$ 3,171,155	\$ 1,126,646	\$ 3,920,850
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Basic earnings per common share	\$ 0.03	\$ 0.04	\$ 0.02	\$ 0.05
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Shares used in computing basic earnings per common share	73,899,695	74,447,018	73,894,119	74,950,621
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Diluted earnings per common share	\$ 0.03	\$ 0.04	\$ 0.01	\$ 0.05
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Shares used in computing diluted earnings per common share	75,348,108	77,375,096	75,439,926	77,633,136
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(*) Stock-based compensation has been included in expenses as follows:

Cost of revenues	\$ 4,800	\$ 4,400	\$ 9,100	\$ 6,900
Sales and marketing	\$ 13,000	\$ 25,500	\$ 31,300	\$ 39,700
Technical operations and develop-				

ment	\$	8,000	\$	23,300	\$	28,700	\$	43,400
General and adminis- trative	\$	47,200	\$	58,300	\$	76,100	\$	84,200

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

	Three months ended June 30, 2008	Six months ended June 30, 2007	Three months ended June 30, 2008	Six months ended June 30, 2007
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Net income for the period	\$ 2,208,865	\$ 3,171,155	\$ 1,126,646	\$ 3,920,850
Depreciation of property and equipment	875,121	1,053,697	1,762,028	1,924,887
Amortization of intangible assets	408,895	286,281	867,513	583,114
Interest income (expense), net	166,421	49,297	376,405	90,946
Provision for income taxes	30,000	12,000	61,134	24,000
EBITDA	----- 3,689,302	----- 4,572,430	----- 4,193,726	----- 6,543,797
Adjustments to EBITDA(1)				
Change in prepaid domain name registry and other Internet services fees	(1,176,196)	(771,898)	(3,706,797)	(2,752,551)
Change in deferred revenue	798,720	979,595	3,777,654	3,876,520
Dividend income	(176,861)	-	(176,861)	(88,431)
Reversal of contingencies	-	(93,749)	-	(451,249)
Sale of customer relationships	(1,121,065)	-	(1,121,065)	-
Other Income	(234,839)	-	(234,839)	-
Subtotal Adjustments to EBITDA	----- (1,910,241)	----- 113,948	----- (1,461,908)	----- 584,289
Adjusted Net Income	----- \$ 1,779,061	----- \$ 4,686,378	----- \$ 2,731,818	----- \$ 7,128,086
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(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.

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

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Cash provided by (used in):				
Operating activities:				
Net income or the period	\$ 2,208,865	\$ 3,171,155	\$ 1,126,646	\$ 3,920,850
Items not involving cash:				
Depreciation of property and equipment	875,121	1,053,697	1,762,028	1,924,887
Amortization of deferred financing charges	12,700	-	26,200	-
Amortization of intangible assets	408,895	286,281	867,513	583,114
Gain on sale of customer relationships	(1,121,065)	-	(1,121,065)	-
Unrealized change in the fair value of forward exchange contracts	(225,640)	(885,652)	29,793	(1,102,441)
Stock-based compensation	73,000	111,500	145,200	174,200
Change in non-cash operating working capital:				
Accounts receivable	350,043	(211,028)	283,923	(1,063,651)
Prepaid expenses and deposits	(244,926)	(310,274)	(105,237)	(1,037,510)
Prepaid fees for domain name registry and other Internet services fees	(1,176,196)	(771,898)	(3,706,797)	(2,752,551)
Accounts payable	682,896	(337,450)	249,069	(745,587)
Accrued liabilities	(159,226)	(216,318)	(691,064)	432,821
Customer deposits	119,589	(195,342)	18,999	(370,466)
Deferred revenue	798,720	979,595	3,777,654	3,876,520
Accreditation fees payable	(22,696)	(315,320)	34,120	(316,028)
Net cash provided				

by operating activities	2,580,080	2,358,946	2,696,982	3,524,158
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Financing activities:				
Proceeds received on exercise of stock options	9,450	85,272	9,450	186,343
Repurchase of shares	-	(1,119,455)	-	(2,446,955)
Repayment of promissory note and loan payable	(7,478,560)	-	(7,957,120)	-
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Net cash used in financing activities	(7,469,110)	(1,034,183)	(7,947,670)	(2,260,612)
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Investing activities:				
Cost of domain names acquired	(2,524)	10,303	(8,944)	(18,425)
Additions to property and equipment	(1,084,209)	(1,690,523)	(1,295,740)	(2,893,153)
Decrease in restricted cash - being margin security against forward exchange contracts	-	257,785	-	509,423
Acquisition of Hosted Messaging Assets from Critical Path Inc., net of cash acquired	-	-	-	(90,050)
Acquisition of Boardtown Corporation, net of cash acquired	-	(4,900)	-	(4,900)
Sale of customer relationships	1,421,730	-	1,421,730	-
(Decrease) increase in cash held in escrow	(5,366)	-	(12,765)	694,579
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Net cash provided by (used in) investing activities	329,631	(1,427,335)	104,281	(1,802,526)
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Decrease in cash and cash equivalents	(4,559,399)	(102,572)	(5,146,407)	(538,980)
Cash and cash equivalents, beginning of period	7,506,468	5,819,984	8,093,476	6,256,392

Cash and cash equivalents, end of period	\$ 2,947,069	\$ 5,717,412	\$ 2,947,069	\$ 5,717,412
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Supplemental cash flow information:				
Interest paid	\$ 192,900	\$ 105,000	\$ 452,237	\$ 210,000

Supplementary disclosure of non-cash investing activity:				
Capital assets acquired during the period not yet paid for	\$ 663,767	\$ 163,169	\$ 663,767	\$ 163,169

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