



**TELEHOP COMMUNICATIONS INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING MARCH 31, 2008
(UNAUDITED)**

TO THE SHAREHOLDERS OF TELEHOP COMMUNICATIONS INC.

The consolidated interim balance sheet of Telehop Communications Inc. at March 31, 2008 and the consolidated interim statements of income (loss), retained earnings, statements of comprehensive income (loss) and cash flows for the three-month period then ended have not been reviewed by the Company's auditors, Schwartz Levitsky Feldman LLP.

These financial statements are the responsibility of management and have been reviewed and approved by the Company's audit committee and Board of Directors.

TELEHOP COMMUNICATIONS INC.

Interim Consolidated Balance Sheets

As at March 31, 2008 and 2007

(Unaudited)

	2008	2007
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 2,239,984	\$ 2,694,542
Accounts receivable	2,807,401	2,841,905
Income taxes recoverable	510,130	-
Prepaid expenses and deposits	103,482	177,073
	5,660,997	5,713,520
PROPERTY AND EQUIPMENT (Note 7)	739,689	757,270
INTANGIBLE ASSETS (Note 8)	204,129	345,731
	\$ 6,604,815	\$ 6,816,521
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,490,989	\$ 2,269,107
Income taxes payable	-	36,507
Obligations under capital lease (Note 11)	16,526	-
	2,507,515	2,305,614
FUTURE INCOME TAXES	2,828	59,350
OBLIGATIONS UNDER CAPITAL LEASE (Note 11)	41,316	-
	2,551,659	2,364,964
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)	1,527,177	1,304,953
CONTRIBUTED SURPLUS (Note 9(b))	51,545	176,793
RETAINED EARNINGS	2,474,434	2,969,811
	4,053,156	4,451,557
	\$ 6,604,815	\$ 6,816,521

Contingent liabilities (Note 12)

Related party transactions (Note 13)

Subsequent event (Note 14)

The accompanying notes are an integral part of these interim consolidated financial statements

TELEHOP COMMUNICATIONS INC.
Interim Consolidated Statements of Income and
Comprehensive Income

Three-month periods ended March 31

(Unaudited)

	2008	2007
OPERATING REVENUES	\$ 4,371,194	\$ 4,930,031
Telecommunications costs	2,707,205	2,928,722
GROSS MARGIN	1,663,989	2,001,309
OPERATING EXPENSES		
General and administration	1,066,607	752,187
Marketing and selling	586,128	610,095
Development and technical support	229,194	242,967
Amortization	106,006	114,593
Writedown of intangible assets (Note 8)	39,354	-
Interest	1,532	78
	2,028,821	1,719,920
OPERATING INCOME (LOSS)	(364,832)	281,389
Other income	28,492	62,269
INCOME (LOSS) BEFORE INCOME TAXES	(336,340)	343,658
Income taxes (recovery)	(131,800)	147,343
NET INCOME (LOSS)	(204,540)	196,315
Other comprehensive income	-	-
COMPREHENSIVE INCOME (LOSS)	(204,540)	196,315
EARNINGS (LOSS) PER SHARE (Note 6)	\$ (0.02)	\$ 0.02
DILUTED EARNINGS (LOSS) PER SHARE (Note 6)	\$ (0.02)	\$ 0.01

The accompanying notes are an integral part of these interim consolidated financial statements

TELEHOP COMMUNICATIONS INC.

Interim Consolidated Statements of Retained Earnings

Three-month periods ended March 31

(Unaudited)

	2008	2007
Retained earnings, beginning of period	\$ 2,678,974	\$ 2,773,496
Net income (loss)	(204,540)	196,315
Retained earnings, end of period	\$ 2,474,434	\$ 2,969,811

The accompanying notes are an integral part of these interim consolidated financial statements

TELEHOP COMMUNICATIONS INC.
Interim Consolidated Statements of Cash Flows

Three-month periods ended March 31

(Unaudited)

	2008	2007
CASH FLOW PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (204,540)	\$ 196,315
Adjustments for non-cash items:		
Amortization expense	106,006	114,593
Writedown of intangible assets	39,354	-
Future income tax liability	(29,456)	(9,700)
Stock-based compensation	11,056	9,517
	(77,580)	310,725
Changes in working capital items:		
Accounts receivable	67,801	477,454
Prepaid expenses and deposits	(15,236)	59,808
Accounts payable and accrued liabilities	(74,427)	(593,256)
Income taxes recoverable/payable	(218,635)	(182,095)
Cash provided (used) by operating activities	(318,077)	72,636
INVESTING ACTIVITIES		
Acquisitions of property and equipment	(39,053)	(27,484)
Acquisition of intangible assets	(13,325)	(22,239)
Cash used by investing activities	(52,378)	(49,723)
FINANCING ACTIVITIES		
Obligations under capital lease	(4,596)	-
Dividend paid	(267,270)	(127,035)
Issuance of common shares	-	20,000
Cash used by financing activities	(271,866)	(107,035)
NET DECREASE IN CASH POSITION	(642,321)	(84,122)
CASH POSITION, BEGINNING OF PERIOD	2,882,305	2,778,664
CASH POSITION, END OF PERIOD	\$ 2,239,984	\$ 2,694,542

The accompanying notes are an integral part of these interim consolidated financial statements

TELEHOP COMMUNICATIONS INC.
Notes to Interim Consolidated Financial Statements
Three months ended March 31, 2008 and 2007

(Unaudited)

1. NATURE OF BUSINESS

Telehop Communications Inc. (“the Company”) is a full-service long distance provider operating within the telecommunications industry and is registered with the Canadian Radio-television and Telecommunications Commission (“CRTC”) as a licensed Class “A” Telecom Carrier.

2. BASIS OF PRESENTATION

The notes presented in these interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in the Company’s annual audited financial statements. These interim consolidated financial statements follow the same accounting policies as the consolidated financial statements for the year ended December 31, 2007. These interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2007.

3. ACCOUNTING POLICY DEVELOPMENTS

- (i) Convergence with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

The Canadian Accounting Standards Board confirmed that convergence to IFRS will be required in Canada. The Company will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal years beginning no later than January 1, 2011. The Company has begun the process of evaluating the impact of the conversion to IFRS.

- (ii) Capital Disclosures

Effective January 1, 2008, CICA Handbook Section 1535 requires disclosure of the Company’s objectives, policies and procedures for managing capital, including disclosure of any externally imposed capital requirements and the consequences of non-compliance. The new recommendations are set out in Note 4.

- (iii) Financial instruments – disclosure and presentation

Effective January 1, 2008, the new CICA Handbook Sections 3862 and 3863 replace Section 3861. The new disclosure requirements expand on the discussion around the significance of financial instruments for the Company’s financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date and how the Company manages those risks. The new recommendations are set out in Note 10.

TELEHOP COMMUNICATIONS INC.
Notes to Interim Consolidated Financial Statements
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(Unaudited)

4. CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions, so that it can provide above-average returns for its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which consists of issued capital, contributed surplus, accumulated other comprehensive income (loss) and retained earnings.

The Company manages its capital structure and makes adjustments to it in light of general economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust the capital structure, the Company, upon approval from its Board of Directors, may issue long-term debt, issue shares, repurchase shares through a normal course issuer bid and pay dividends. The Board of Directors reviews and approves any material transactions not of the ordinary course of business which may include various acquisition proposals, as well as capital and operating budgets.

The Company monitors debt to equity ratios as part of the management of liquidity and return to shareholders under the following basis:

	2008	2007
Obligations under capital lease	41,316	-
Total long-term debt	41,316	-
Less: cash and cash equivalents	(2,239,984)	(2,694,542)
Net debt	(2,198,668)	(2,694,542)
Equity	4,088,675	4,451,557
Debt-to-equity ratio	(0.5)	(0.6)

The Company is not subject to externally imposed capital requirements.

5. STOCK-BASED COMPENSATION

For the three-month period ended March 31, 2008, the Company recognized a compensation expense of \$11,056 for previously granted stock option awards. Stock-based compensation is reflected in the consolidated statements of income and comprehensive income, included in general and administration expenses.

TELEHOP COMMUNICATIONS INC.
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(Unaudited)

6. EARNINGS PER SHARE

The Company uses the treasury stock method of calculating the dilutive effect of options on earnings per share.

The following table sets forth the computation of basic and diluted earnings per share:

	2008	2007
Net income (loss)	\$ (204,540)	\$ 196,315
Weighted-average shares for earnings per share	13,363,500	12,589,690
Effect of dilutive securities-Employee stock options	81,558	403,085
Adjusted weighted-average shares and assumed conversions for diluted earnings per share	13,445,058	12,992,775
Earnings (loss) per share	\$ (0.02)	\$ 0.02
Diluted earnings (loss) per share	\$ (0.02)	\$ 0.02

7. PROPERTY AND EQUIPMENT

	March 31, 2008			Dec 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Telecom equipment	\$ 1,202,466	\$ 812,872	\$ 389,594	\$ 1,191,183	\$ 766,404	\$ 424,779
Telecom equipment under capital lease	66,105	9,721	56,384	66,105	4,861	61,244
Computer software	283,289	128,547	154,742	262,330	117,609	144,721
Computer equipment	35,982	7,292	28,690	27,327	4,878	22,449
Leasehold improvements	162,947	102,960	59,987	162,947	98,575	64,372
Furniture and equipment	117,516	67,224	50,292	114,499	62,718	51,781
	\$ 1,868,305	\$ 1,128,616	\$ 739,689	\$ 1,824,391	\$ 1,055,045	\$ 769,346

Amortization expense for the three-month period ended March 31, 2008 was \$68,710 (2007: \$79,758).

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Notes to Interim Consolidated Financial Statements
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(Unaudited)

8. INTANGIBLE ASSETS

	March 31, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Internally developed software	\$ 700,593	\$ 496,464	\$ 204,129	\$ 687,268	\$ 461,851	\$ 225,417
Software licenses	-	-	-	53,664	11,627	42,037
	\$ 700,593	\$ 496,464	\$ 204,129	\$ 740,932	\$ 473,478	\$ 267,454

Amortization expense for the quarter ended March 31, 2008 was \$37,296 (2007: \$34,835). Software licenses in the amount of \$39,354 were written down during the quarter ended March, 31, 2008. The Company has decided it has no plans to market the softphone license in the foreseeable future.

9. SHAREHOLDERS' EQUITY

(a) Share Capital

Authorized

An unlimited number of common shares

Issued and outstanding

The changes in common shares for the three-month period ended March 31, 2008 are as follows:

	Three months ended March 31, 2008	
	Number of Shares	Share Capital
Balance, beginning of period	13,363,500	\$ 1,527,177
Balance, end of period	13,363,500	\$ 1,527,177

(b) Contributed Surplus

The following is a continuity of the changes in contributed surplus for the three-month period ended March 31, 2008:

Balance at beginning of period	\$ 40,489
Stock-based compensation expense during the period	11,056
Balance at end of period	\$ 51,545

TELEHOP COMMUNICATIONS INC.
Notes to Interim Consolidated Financial Statements
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(Unaudited)

10. FINANCIAL INSTRUMENTS

(i) Risks – Overview

The Company's financial instruments and the nature of risks which they may be subject to are summarized as follows:

Financial instrument	Risks		
	Credit	Liquidity	Market risks Currency
Measured at cost			
Cash and cash equivalent	x		x
Accounts receivable	x		x
Accounts payable		x	
Obligations under capital lease		x	

(ii) Credit Risk

The following table summarizes the Company's exposure to credit risk.

	March 31, 2008	December 31, 2007
Cash and cash equivalents	\$ 2,239,984	\$ 2,882,305
Accounts receivable	2,807,401	2,875,202
	\$ 5,047,385	\$ 5,757,507

Cash and cash equivalents: Credit risk associated with cash and cash equivalents, which are held in short-term deposits, are minimized significantly by ensuring that these financial instruments are placed with major financial institutions with investment grade ratings and the avoidance of asset-backed commercial papers.

Accounts receivable: Credit risk associated with accounts receivable is minimized by the Company's large customer base and its geographic dispersion across Canada. The Company has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and maintains provisions for potential credit losses that are assessed on an ongoing basis.

The following table presents an analysis of the age of accounts receivable net of allowance for doubtful accounts as at the dates of the Consolidated Balance Sheets.

	March 31, 2008	December 31, 2007
Customer accounts receivable net of allowance for doubtful accounts		
Current	1,842,652	2,008,665
30-60 days past billing date	922,820	840,412
61-90 days past billing date	9,405	26,125
Greater than 90 days past billing date	32,524	-
	2,807,401	2,875,202

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(Unaudited)

10. FINANCIAL INSTRUMENTS (continued)

The Company must make significant estimates pertaining to allowance for doubtful accounts. Historical information, current economic conditions, exceptional circumstances are all considered when determining the provision for allowance for doubtful accounts. The following table presents a summary of the activity related to the Company's allowance for doubtful accounts.

Three months ended March, 31	2008	2007
Balance, beginning of period	59,648	13,899
Additions (provisions for doubtful accounts)	39,352	16,101
Balance, end of period	99,000	30,000

(ii) Liquidity Risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and working capital changes. The Company does not currently believe it will encounter difficulty in meeting its obligations associated with financial liabilities. The Company's undiscounted financial liability that shows the remaining contractual maturities are as follows:

As at March 31, 2008	Capital lease
2008	
Balance of year	\$ 14,582
2009	19,442
2010	19,442
2011	11,342
	\$ 64,808

(iii) Currency Risk

The Company's functional currency is the Canadian dollar, but it regularly transacts in U.S. dollars for a portion of its business activities. The assets, liabilities, revenues and expenses denominated in U.S. dollars will be affected by changes in the exchange rate fluctuations in the market between the Canadian and U.S. dollar.

The Company's foreign exchange risk management includes the use of foreign currency forward contracts and options contracts to fix the exchange rates on the U.S. dollar to mitigate its foreign exchange exposure on expenses.

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(Unaudited)

11. CAPITAL LEASE OBLIGATIONS

The Company entered into a lease for telecommunications equipment that had been capitalized. The security value is \$77,771, and the maturity date of the lease is September, 2011.

	2008	2007
Total minimum lease payments	\$ 68,048	\$ -
Less: amount representing imputed interest of 6.2%	10,206	-
Present value of obligations under capital lease	57,842	-
Current portion - due within one year	16,526	-
Long-term obligations under capital lease	\$ 41,316	\$ -

12. CONTINGENT LIABILITY

- (i) The Company is in negotiations with a former executive involving a dispute that pertains to the terms of a settlement with the company dating back to 2004. One of the terms of the settlement is being disputed as to whether it has been fully satisfied by the Company. The Company is pursuing to bring closure to this settlement with the former executive. Currently, the outcome and settlement of this claim cannot be determinable.
- (ii) The Company received a notice of claim from a vendor for marketing services it believes the Company was committed to pay. The amount of the claim against the Company is \$231,629. The Company is vigorously defending such claims as it strongly believes it had never made such commitments. The litigation is pending and the outcome is not currently determinable. No amount has been recorded in relation to this claim.
- (iii) A management change was made during the quarter in which the Chairman replaced the President and Chief Operating Officer (COO) in overseeing the Company's operations. Final settlement arrangements are still pending. An accrual in the amount of \$160,000 has been recorded and included in general and administration expenses; however, additional amounts may be owed when final settlement is complete.

13. RELATED PARTY TRANSACTIONS

The Company is recovering overpayments made to the Chairman primarily in prior years, and a one-time \$12,000 salary adjustment in 2007. The balance is being repaid through bi-weekly instalments starting June 1, 2007 for the overpayments, and December 1, 2007 for the salary adjustment. As of March 31, 2008, the outstanding balance receivable is \$54,180, which is included in Accounts Receivable.

TELEHOP COMMUNICATIONS INC.
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Three months ended March 31, 2008 and 2007

(Unaudited)

14. SUBSEQUENT EVENT

On May 27, 2008, Jaguar Financial Inc. issued an offer to all shareholders of the Corporation to purchase up to 6.8 million shares of the Company at a cash price of \$0.50 per share, subject to certain terms and conditions. This offer remains open until July 2, 2008 and may be extended or withdrawn by the offering party at their discretion. If the offer is accepted, Jaguar would hold over 50% of the outstanding shares of the Company; a transaction which would constitute a change in control as envisioned by various contractual relationships that the Company has with third parties. Management is currently assessing the effect on the business as a result of a potential change in control. No amounts have been recorded in the financial statements.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from statements previously presented to conform to the current presentation.