

**XFONE, INC. AND SUBSIDIARIES**

**Pro Forma Combined Condensed Statements of Operations (Unaudited)**

	Three months ended		
	March 31,		
	2008	2008	2007
	<i>Proforma</i>	<i>unaudited</i>	<i>unaudited</i>
<b>Revenues</b>	25,886,330	15,793,098	11,523,716
<b>Cost of revenues</b>	13,556,458	7,656,273	5,193,222
Gross profit	<u>12,329,872</u>	<u>8,136,825</u>	<u>6,330,494</u>
<b>Operating expenses:</b>			
Research and development	15,010	15,010	15,778
Marketing and selling	3,372,031	2,665,629	2,731,976
General and administrative	6,841,062	4,311,720	2,921,291
Total operating expenses	<u>10,228,103</u>	<u>6,992,359</u>	<u>5,669,045</u>
Operating profit	2,101,769	1,144,466	661,449
Financing expenses, net	(877,438)	(903,169)	(139,869)
Equity in income of affiliated company	-	-	79,136
Other income	-	-	34,505
Income before minority interest and taxes	1,224,331	241,297	635,221
Minority interest	(82,474)	(82,474)	(92,135)
Income before taxes	1,141,857	158,823	543,086
Taxes benefits (expenses)	372,581	(77,693)	(98,691)
Net income	<u>1,514,438</u>	<u>81,130</u>	<u>444,395</u>
Earnings per share:			
Basic	<u>0.082</u>	<u>0.005</u>	<u>0.039</u>
Diluted	<u>0.082</u>	<u>0.005</u>	<u>0.039</u>
Weighted average shares outstanding:			
Basic	<u>18,434,820</u>	<u>15,323,690</u>	<u>11,479,609</u>
Diluted	<u>18,564,777</u>	<u>15,392,258</u>	<u>11,479,609</u>

## Reconciliation of Non-GAAP Financial Measures\*

	Three months ended		
	March 31,		
	2008	2008	2007
	<i>Proforma</i>	<i>unaudited</i>	<i>unaudited</i>
Net income	1,514,439	81,130	444,395
Depreciation and amortization	909,235	507,210	254,998
Financing expenses, net	877,438	903,169	139,869
Equity in income of affiliated company	-	-	(79,136)
Other income	-	-	(34,505)
Minority interest	82,474	82,474	92,135
Taxes on income	(372,581)	77,693	98,691
EBITDA*	<u>3,011,005</u>	<u>1,651,676</u>	<u>916,447</u>