

XFONE, INC. AND SUBSIDIARIES
Consolidated Statement of Operations

	Three months ended		
	March 31,		
	2008	2008	2007
	<i>Proforma</i>	<i>unaudited</i>	<i>unaudited</i>
Revenues	25,886,330	15,793,098	11,523,716
Cost of revenues	13,556,458	7,656,273	5,193,222
Gross profit	12,329,872	8,136,825	6,330,494
Operating expenses:			
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	10,228,103	6,992,359	5,669,045
Operating profit (loss)	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 (loss) 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	1,514,438	81,130	444,395
Earnings per share:			
Basic	0.082	0.005	0.039
Diluted	0.082	0.005	0.039
Weighted average shares outstanding:			
Basic	18,434,820	15,323,690	11,479,609
Diluted	18,564,777	15,392,258	11,479,609

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>