

**Xfone, Inc. and Subsidiaries**  
**PRO FORMA STATEMENTS OF OPERATIONS**  
(Unaudited)  
**YEAR ENDED DECEMBER 31, 2007**

	<u>Xfone Inc</u>	<u>NTS Communications</u>	<u>Pro forma adjustments</u>	<u>Pro forma Consolidated</u>
<b>Revenues</b>	\$ 44,723,934	\$ 66,522,841		\$ 111,246,775
<b>Cost of Revenues</b>	<u>19,626,322</u>	<u>40,860,503</u>		<u>60,486,825</u>
Gross profit	25,097,612	25,662,338		50,759,950
<b>Operating expenses:</b>				
Research and development	47,609	-		47,609
Marketing and selling	10,886,883	4,473,363		15,360,246
General and administrative	12,335,759	18,232,129	(3,020,081) (a)	27,547,607
Non recurring loss	<u>2,856,803</u>	-		<u>2,856,803</u>
<b>Total operating expenses</b>	<u>26,127,054</u>	<u>22,705,492</u>		<u>45,812,265</u>
Operating profit (loss)	(1,029,442)	2,956,846		4,947,685
Financing income (expenses), net	(515,562)	134,449	(1,953,909) (b)	(2,335,023)
Equity in income of affiliated company	132,867	-		132,867
Other income	-	<u>480,869</u>		<u>480,869</u>
Income (loss) before minority interest and taxes	(1,412,137)	3,572,164	1,066,372	3,226,398
Minority interest	<u>(297,860)</u>	-	-	<u>(297,860)</u>
Income before taxes	(1,709,997)	3,572,164	1,066,372	2,928,538
Taxes on income	<u>426,105</u>	<u>(1,486,897)</u>	1,691,225 (c)	<u>630,433</u>
Net Income (loss)	<u>\$ (1,283,892)</u>	<u>\$ 2,085,267</u>		<u>\$ 3,558,971</u>
Adjustment of non recurring loss	<u>1,999,762 (d)</u>			<u>1,999,762 (d)</u>
Net income from recurring operations	<u>\$ 715,870 (d)</u>			<u>\$ 5,558,733</u>
Earning per share:				
Basic and Diluted	<u>\$ (0.109)</u>			<u>\$ 0.193</u>
Adjustment of non recurring loss	<u>0.170 (d)</u>			<u>0.109 (d)</u>
Basic and Diluted	<u>\$ 0.061</u>			<u>\$ 0.302</u>

(a) Adjustment of depreciation expenses as result of Purchase Price Allocation that was prepared by Xfone. Third party valuation will be completed within short time.

- (b) Interest expense on bonds in 2007 as if the bonds were issued on January 1, 2007.
- (c) Adjustment of income taxes in connection with depreciation and interest expenses.
- (d) Excluding the effect of non recurring loss, net of income tax.