

Restatement

As disclosed on February 9, 2010, in December 2009 the Company engaged an independent accountant to review the purchase price allocation related to the 2007 acquisition of Symphony and identified an understatement of intangible assets and future income taxes and an overstatement of goodwill related to the acquisition. The change in the purchase price allocation relates to the establishment of identifiable intangible assets that were not previously recorded by management together with the tax effect. Consequently, the Company has retrospectively restated its consolidated balance sheets as at December 31, 2008 and its consolidated statements of operations, comprehensive income and deficit and cash flows for the years then ended as set out below.

While this restatement has no impact on the cash flow of the Company, the amortization of the above intangibles reduces the previously reporting net income, income tax expense and earnings per share of the company for all reporting periods from the fourth quarter of 2007 to the third quarter of 2009. The modification to the purchase price equation also adjusts the reported assets, liabilities and equity of the Company; the effect of each reporting period as shown.

Purchase price allocation	As Previously Reported	Adjustment	As Restated
Property and equipment	\$ 16,530		\$ 16,530
Intangible Assets			-
Customer relationships		2,100,000	2,100,000
Non-compete agreements		3,000,000	3,000,000
Management contracts		400,000	400,000
Future income tax liability		(1,980,000)	(1,980,000)
Goodwill	14,361,424	(3,520,000)	10,841,424
Fair value of assets acquired	\$ 14,377,954	\$ -	\$ 14,377,954

The following summarizes the impact of the restatement:

	As Previously Reported	Adjustment	As Restated
Consolidated Balance Sheet	\$	\$	\$
Intangible asset	258,363	4,263,333	4,521,696
Goodwill	15,266,892	(3,520,000)	11,746,892
Future income tax liability	0.00	(1,534,800)	(1,534,800)
Deficit	(4,861,902)	(791,467)	(5,653,369)
Consolidated Statement of Operations and Comprehensive Income and Deficit			
Amortization of intangible assets	(102,678)	(1,060,000)	(1,162,678)
Income before income taxes	1,595,736	(1,060,000)	535,736
Future income taxes (recovery)	196,425	(381,600)	(185,175)
Net income (loss) and comprehensive income (loss)	416,310	(678,400)	(262,090)
Basic earnings per share	0.00	0.00	0.00
Diluted earnings per share	0.00	0.00	0.00
Consolidated Statement of Cash Flows			
Net income (loss)	416,310	(678,400)	(262,090)
Amortization of intangible assets	102,678	1,060,000	1,162,678
Future income taxes	196,425	(381,600)	(185,175)

About Phonetime Inc.

Phonetime is an international telecommunications Network carrier. Phonetime provides long-distance services to major telephone carriers around the world. In 2009, Phonetime carried in excess of 5 billion minutes for customers. Phonetime's common shares trade on the Toronto Stock Exchange under the symbol PHD. More information can be found at the Company's website, www.phonetime.com.

Caution Regarding Forward Looking Information:

This press release contains forward-looking statements, which may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. These statements are not a guarantee of future performance and are inherently subject to risks and uncertainties. Phonetime's actual results could differ materially from those currently anticipated due to a number of factors set forth in reports and other documents filed by the Company with Canadian securities regulatory authorities from time to time.

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