

MAGICJACK VOCALTEC LTD
Form 10-Q
August 09, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from _____ to _____

Commission file number: 000-27648

MAGICJACK VOCALTEC LTD.
(Exact name or Registrant as specified in this charter)

STATE OF ISRAEL
(State or Other Jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

12 BENNY GAON STREET, BUILDING 2B
POLEG INDUSTRIAL AREA, NETANYA, ISRAEL 42504
(Address of principal executive offices, including zip code)

(561) 749-2255
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of

this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer Accelerated filer Non-accelerated filer Smaller reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

There were 18,717,823 shares of ordinary shares with no par value outstanding at July 31, 2013.

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DEFINITIONS

In this quarterly report on Form 10-Q, unless the context otherwise requires:

- references to “magicJack VocalTec,” the “Company,” “we,” “us” or “our” are to magicJack VocalTec Ltd., a company organized under the laws of the State of Israel (the “Registrant”), and its subsidiaries;
- references to “ordinary shares”, “our shares” and similar expressions refer to the Registrant’s Ordinary Shares, no par value;
- references to “\$” or “dollars” are to U.S. dollars and all references to “NIS” are to New Israeli Shekels. Except as otherwise indicated, financial statements of, and information regarding, magicJack VocalTec are presented in U.S. dollars;
 - references to the “Exchange Act” are to the Securities Exchange Act of 1934, as amended;
 - references to “NASDAQ” are to the NASDAQ Global Stock Market; and
 - references to the “SEC” are to the United States Securities and Exchange Commission.
- references to the “magicJack devices” are to the original magicJack®, the magicJack PLUSTM and the New magicJack PLUS.

PART I – FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements

MAGICJACK VOCALTEC LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$42,625	\$18,959
Marketable securities, at fair value	5,948	19,390
Accounts receivable, net of allowance for doubtful accounts and billing adjustments of \$5,427 and \$20,498, respectively	4,054	6,004
Inventories	6,485	5,340
Deferred costs	6,277	7,066
Deferred tax assets, current	1,843	1,114
Prepaid income taxes	2,647	98
Deposits and other current assets	935	1,313
Total current assets	70,814	59,284
Property and equipment, net	2,189	2,348
Intangible assets, net	13,965	16,136
Goodwill	32,304	32,304
Deferred tax assets, non-current	9,831	9,831
Deposits and other non-current assets	644	864
Total assets	\$129,747	\$120,767
LIABILITIES AND CAPITAL DEFICIT		
Current liabilities:		
Accounts payable	\$2,389	\$3,651
Accrued expenses and other current liabilities	12,853	13,569
Deferred revenue, current portion	69,193	67,038
Total current liabilities	84,435	84,258
Deferred revenue, net of current portion	55,082	58,165
Other non-current liabilities	2,574	3,114
Total liabilities	142,091	145,537
Commitments and contingencies (Note 9)		
Capital deficit:		
Ordinary shares, No par value; 100,000 shares authorized; 24,728 shares issued and outstanding	108,048	108,048
Additional paid-in capital	1,630	1,729
Accumulated other comprehensive loss	(3,109)	(1,494)
Treasury stock (6,176 and 6,018 shares, respectively)	(95,495)	(93,541)

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Accumulated deficit	(23,418)	(39,512)
Total capital deficit	(12,344)	(24,770)
Total liabilities and capital deficit	\$ 129,747	\$ 120,767

See accompanying notes to condensed consolidated financial statements.

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MAGICJACK VOCALTEC LTD. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share information)

	For the Three Months		For the Six Months Ended	
	Ended		June 30,	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net revenues	\$32,902	\$38,559	\$69,779	\$76,146
Cost of revenues	12,056	15,059	23,199	30,619
Gross profit	20,846	23,500		