

MAGICJACK VOCALTEC LTD
Form 6-K
September 13, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of September 2011
Commission file number: 000-27648

MAGICJACK VOCALTEC LTD.

(Translation of registrant's name into English)

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

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b). Not applicable.

Attached hereto are selected quarterly and year to date unaudited condensed consolidated financial information for magicJack VocalTec Ltd. and its subsidiaries, for the period between January 1, 2010 and June 30, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAGICJACK VOCALTEC LTD.
(Registrant)

By: /s/ Daniel Borislow
Name: Daniel Borislow
Title: President and Chief
Executive Officer

Date: September 13, 2011

The following unaudited consolidated financial information presents summary information and does not include notes and other information required by Generally Accepted Accounting Principles in the United States. This information should be read in conjunction with magicJack VocalTec's audited consolidated financial statements included in the annual report on Form 20-F for the year ended December 31, 2010.

MAGICJACK VOCALTEC LTD AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION
(in thousands, except per share information)

| | Fiscal Quarter Ended | | | | | |
|---|----------------------|------------------|--------------------------|-------------------------|-------------------|------------------|
| | March 31, 2010 | June 30, 2010 | September 30, 2010 | December 31, 2010 | March 31, 2011 | June 30, 2011 |
| Statement of Operations Information: | | | | | | |
| Revenues | \$30,798 | \$30,579 | \$29,788 | \$28,513 | \$30,086 | \$28,818 |
| Cost of revenues | 15,083 | 14,021 | 13,750 | 14,319 | 12,993 | 12,096 |
| Gross profit | 15,715 | 16,558 | 16,038 | 14,194 | 17,093 | 16,722 |
| Operating expenses | 19,244 | 15,303 | 15,099 | 15,152 | 14,162 | 14,248 |
| Operating (loss) income | (3,529) | 1,255 | 939 | (958) | 2,931 | 2,474 |
| Interest expense | (146) | - | - | - | - | (40) |
| Other income (expense), net | 1,156 | (798) | 57 | 203 | (1,103) | 750 |
| Gain on extinguishment of debt | - | 234 | - | - | - | - |
| (Loss) income before provision (benefit) for income taxes | (2,519) | 691 | 996 | (755) | 1,828 | 3,184 |
| Provision (benefit) for income taxes | 7 | - | 180 | (219) | 28 | 24 |
| Net (loss) income | \$(2,526) | \$691 | \$816 | \$(536) | \$1,800 | \$3,160 |
| (Loss) earnings per ordinary share: | | | | | | |
| Basic | \$(0.28) | \$0.05 | \$0.09 | \$(0.05) | \$0.16 | \$0.28 |
| Diluted | \$(0.28) | \$0.05 | \$0.09 | \$(0.05) | \$0.15 | \$0.27 |

MAGICJACK VOCALTEC LTD AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET INFORMATION
 (in thousands)

| | March 31, 2010 | June 30, 2010 | September 30, 2010 | December 31, 2010 | March 31, 2011 | June 30, 2011 |
|--|-------------------|------------------|--------------------------|-------------------------|-------------------|------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$12,280 | \$10,925 | \$21,383 | \$28,628 | \$27,927 | \$19,463 |
| Marketable securities, at fair value | 22,932 | 23,103 | 21,577 | 19,331 | 21,086 | 20,200 |
| Accounts receivable, net | 11,458 | 9,685 | 12,730 | 10,336 | 11,423 | 11,662 |
| Inventories | 2,700 | 2,885 | 3,204 | 3,008 | 4,303 | 6,134 |
| Deferred costs | 9,025 | 9,343 | 8,638 | 6,615 | 5,991 | 5,170 |
| Deposits and other current assets | 1,301 | 648 | 1,793 | 1,541 | 1,151 | 1,616 |
| Total current assets | 59,696 | 56,589 | 69,325 | 69,459 | 71,881 | 64,245 |
| Property and equipment, net | 2,251 | 1,907 | 3,685 | 3,771 | 3,718 | 3,402 |
| Intangible assets, net | 3,123 | 2,896 | 8,970 | 7,275 | 6,779 | 12,494 |
| Goodwill | 17,218 | 17,218 | 29,609 | 32,304 | 32,304 | 32,304 |
| Deposits and other non-current assets | 1,535 | 1,535 | 2,064 | 1,739 | 1,700 | 1,810 |
| Total assets | \$83,823 | \$80,145 | \$113,653 | \$114,548 | \$116,382 | \$114,255 |
| LIABILITIES AND CAPITAL DEFICIT | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$5,424 | \$5,141 | \$5,358 | \$2,590 | \$5,417 | \$4,494 |
| Accrued expenses and other current liabilities | 8,200 | 7,448 | 7,013 | 9,834 | 10,419 | 11,147 |
| Accrued bonuses | - | - | - | 1,000 | - | - |
| Deferred revenue, current portion | 56,813 | 55,532 | 57,688 | 58,087 | 54,680 | 49,025 |
| Current portion of long-term debt | 3,943 | - | - | - | - | - |
| Total current liabilities | 74,380 | 68,121 | 70,059 | 71,511 | 70,516 | 64,666 |
| Deferred revenue, net of current portion | 27,844 | 31,099 | 34,183 | 34,121 | 39,852 | 44,151 |
| Other non-current liabilities | - | - | 1,067 | 664 | 629 | 3,953 |
| Total liabilities | 102,224 | 99,220 | 105,309 | 106,296 | 110,997 | 112,770 |
| Redeemable ordinary shares, No par value | 5,915 | 6,067 | 8,833 | 8,373 | 7,200 | 8,210 |
| Capital deficit: | | | | | | |
| Total capital deficit | (24,316) | (25,142) | (489) | (121) | (1,815) | (6,725) |
| | \$83,823 | \$80,145 | \$113,653 | \$114,548 | \$116,382 | \$114,255 |

Total liabilities and capital
deficit

Additional Selected Share
Information

| | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Ordinary shares outstanding at end of period | 10,523 | 10,563 | 11,733 | 11,806 | 11,538 | 11,249 |
| Treasury shares repurchased during quarter | - | - | 3 | - | 342 | 395 |

MAGICJACK VOCALTEC LTD AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION
 (in thousands)

| | Three Months Ended | Six Months Ended | Nine Months Ended September | Twelve Months Ended December | Three Months Ended | Six Months Ended |
|--|--------------------------|------------------------|--------------------------------------|---------------------------------------|--------------------------|---------------------|
| | March 31, 2010 | June 30, 2010 | 30, 2010 | 31, 2010 | March 31, 2011 | June 30, 2011 |
| Cash flows from operating activities: | | | | | | |
| Net (loss) income | \$ (2,526) | \$ (1,835) | \$ (1,019) | \$ (1,555) | \$ 1,800 | \$ 4,960 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | | | | | |
| Provision for doubtful accounts and billing adjustments | 666 | 1,901 | 3,209 | 6,701 | 2,742 | 5,071 |
| Stock-based compensation | 4,290 | 4,990 | 5,105 | 5,075 | 56 | 324 |
| Depreciation and amortization | 729 | 1,421 | 2,127 | 2,946 | 992 | 2,055 |
| Deferred income tax provision | - | - | - | 187 | 23 | 46 |
| Interest expense - non-cash | 28 | 85 | 85 | 85 | - | 40 |
| Realized (gain) loss on sale of securities | (902) | 237 | 437 | 694 | 1,309 | 757 |
| Gain on extinguishment of debt | - | (234) | (234) | (234) | - | - |
| Contributed services | - | - | - | 75 | 19 | 38 |
| Changes in operating assets and liabilities | 7,094 | 9,283 | 5,796 | 9,388 | (481) | (7,194) |
| Net cash provided by operating activities | 9,379 | 15,848 | 15,506 | 23,362 | 6,460 | 6,097 |
| Cash flows from investing activities: | | | | | | |
| Sales of marketable securities, net of purchases | (5,442) | (8,791) | (5,437) | (4,000) | (1,120) | (217) |
| Proceeds from sales of short positions, net of purchases | - | - | - | - | - | 140 |
| Purchases of property and equipment | (39) | (724) | (961) | (2,647) | (242) | (617) |
| Merger with Vocaltec, net of cash acquired | - | - | 7,777 | 7,777 | - | - |
| Acquisition of Dialmaxx, net of cash acquired | - | - | - | (924) | - | - |
| Acquisition of other intangible assets | - | (24) | (37) | (61) | (2) | (1,517) |
| Net cash (used in) provided by investing activities | (5,481) | (9,539) | 1,342 | 145 | (1,364) | (2,211) |

Cash flows from financing activities:

| | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Proceeds from sale of ordinary shares, net of issuance costs | - | - | - | 565 | - | - |
| Repurchase of ordinary shares to settle bonus withholding liability | (3,981) | (3,981) | (3,981) | (3,960) | - | - |
| Purchase of treasury stock | - | - | (81) | (81) | (6,518) | (14,406) |
| Repayment of debt | (1,000) | (4,766) | (4,766) | (4,766) | - | - |
| Proceeds from exercise of ordinary share options | 28 | 28 | 28 | 28 | 721 | 1,355 |
| Net cash used in financing activities | (4,953) | (8,719) | (8,800) | (8,214) | (5,797) | (13,051) |
| Net (decrease) increase in cash and cash equivalents | (1,055) | (2,410) | 8,048 | 15,293 | (701) | (9,165) |
| Cash and cash equivalents, beginning of period | 13,335 | 13,335 | 13,335 | 13,335 | 28,628 | 28,628 |
| Cash and cash equivalents, end of period | \$ 12,280 | \$ 10,925 | \$ 21,383 | \$ 28,628 | \$ 27,927 | \$ 19,463 |