

IDT CORP  
Form 10-Q  
June 11, 2007  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2007

or

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

Commission File Number: 1-16371

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**IDT CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

22-3415036  
(I.R.S. Employer  
Identification Number)

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520 Broad Street, Newark, New Jersey  
(Address of principal executive offices)

07102  
(Zip Code)

(973) 438-1000

(Registrant's telephone number, including area code)

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes  No

As of June 1, 2007, the registrant had the following shares outstanding:

Common Stock, \$.01 par value:	15,178,173 shares outstanding (excluding 9,896,687 treasury shares)
Class A common stock, \$.01 par value:	9,816,988 shares outstanding
Class B common stock, \$.01 par value:	57,314,945 shares outstanding (excluding 5,625,521 treasury shares)

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**IDT CORPORATION**

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	<b>April 30,</b>	<b>July 31,</b>
	<b>2007</b>	<b>2006</b>
	<b>(Unaudited)</b>	<b>(Note 1)</b>
	<b>(in thousands)</b>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 274,616	\$ 119,109
Marketable securities	399,719	390,696
Trade accounts receivable, net of allowance for doubtful accounts of \$25,454 at April 30, 2007 and \$38,421 at July 31, 2006	186,547	185,125
Other current assets	104,829	106,319
Assets of discontinued operations		436,905
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Total current assets	965,711	1,238,154
Property, plant and equipment, net	260,286	292,152
Goodwill	99,978	105,577
Licenses and other intangibles, net	22,211	27,445
Investments	75,911	51,872
Other assets	47,352	47,639
	<hr/>	<hr/>
Total assets	<b>\$ 1,471,449</b>	<b>\$ 1,762,839</b>
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<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Trade accounts payable	\$ 61,177	\$ 82,327
Accrued expenses	234,639	260,087
Deferred revenue	114,869	134,286
Capital lease obligations - current portion	21,056	18,940
Notes payable - current portion	7,939	4,160
Other current liabilities	25,623	38,152
Liabilities of discontinued operations		141,860
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Total current liabilities	465,303	679,812
Deferred tax liabilities, net	107,135	107,106
Capital lease obligations - long-term portion	29,180	32,122
Notes payable - long-term portion	83,713	90,370
Other liabilities	7,576	6,850

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Total liabilities	692,907	916,260
Minority interests	10,427	43,227
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value; authorized shares 10,000; no shares issued		
Common stock, \$.01 par value; authorized shares 100,000; 25,075 shares issued and 15,178 shares outstanding at April 30, 2007 and July 31, 2006	251	251
Class A common stock, \$.01 par value; authorized shares 35,000; 9,817 shares issued and outstanding at April 30, 2007 and July 31, 2006	98	98
Class B common stock, \$.01 par value; authorized shares 200,000; 62,898 and 76,879 shares issued at April 30, 2007 and July 31, 2006, respectively; 57,269 and 71,402 shares outstanding at April 30, 2007 and July 31, 2006, respectively	629	768
Additional paid-in capital	705,739	901,067
Treasury stock, at cost, consisting of 9,897 and 9,897 shares of common stock and 5,629 and 5,477 shares of Class B common stock at April 30, 2007 and July 31, 2006, respectively	(221,959)	(220,169)
Accumulated other comprehensive income	13,045	1,496
Retained earnings	270,312	119,841
<b>Total stockholders' equity</b>	<b>768,115</b>	<b>803,352</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,471,449</b>	<b>\$ 1,762,839</b>

See accompanying notes to condensed consolidated financial statements.

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## IDT CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2007	2006	2007	2006
	(In thousands, except per share data)			
Revenues	\$ 485,356	\$ 547,217	\$ 1,520,182	\$ 1,670,921
Costs and expenses:				
Direct cost of revenues (exclusive of depreciation and amortization)	395,654	469,990	1,205,893	1,350,947
Selling, general and administrative (i)	115,438	137,119	339,458	422,456
Depreciation and amortization	20,500	20,824	60,476	67,106
Restructuring and severance charges	1,756	5,316	8,082	6,859
Total costs and expenses	533,348	633,249	1,613,909	1,847,368
Gain on sale of U.K.-based Toucan business			44,671	
Loss from operations	(47,992)	(86,032)	(49,056)	(176,447)
Interest income, net	4,762	1,800	13,518	7,498
Other income, net	30,643	2,849	29,222	7,382
Loss from continuing operations before minority interests and income taxes	(12,587)	(81,383)	(6,316)	(161,567)
Minority interests	(2,699)	(2,763)	(9,059)	(11,187)
(Provision for) benefit from income taxes	(638)	237	(4,664)	1,732
Loss from continuing operations	(15,924)	(83,909)	(20,039)	(171,022)
Discontinued operations, net of tax:				
Loss from discontinued operations		(5,342)	(7,165)	(1,789)
Gain on sale of discontinued operations		80,632	198,235	80,632
Total discontinued operations		75,290	191,070	78,843
Net (loss) income	\$ (15,924)	\$ (8,619)	\$ 171,031	\$ (92,179)
Earnings per share:				
Basic and diluted:				
Loss from continuing operations	\$ (0.20)	\$ (0.88)	\$ (0.24)	\$ (1.78)
Total discontinued operations	\$	\$ 0.79	\$ 2.32	\$ 0.82
Net (loss) income	\$ (0.20)	\$ (0.09)	\$ 2.08	\$ (0.96)
Weighted-average number of shares used in calculation of basic and diluted earnings per share	81,357	95,070	82,417	96,377

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Dividends declared per common share	\$ 0.25	\$	\$ 0.25	\$
(i) Stock-based compensation included in selling, general and administrative expenses	\$1,473	\$6,593	\$5,924	\$20,133

See accompanying notes to condensed consolidated financial statements.

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## IDT CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended April 30,	
	2007	2006
	(In thousands)	
Net cash used in operating activities	\$ (83,671)	\$ (68,869)
<b>Investing activities</b>		
Capital expenditures	(26,358)	(43,841)
Repayment of notes receivable, net	228	2,482
Investments and acquisitions, net of cash acquired	(4,094)	(109,423)
Proceeds from sales of discontinued operations, net of cash sold and transaction costs	261,604	129,143
Proceeds from sale of U.K.-based Toucan business, net of transaction costs	38,380	
Purchase of debt portfolios	(47,276)	
Principal collections and proceeds on resale of debt portfolios	14,399	
Proceeds from sales and maturities of		