

MIND CTI LTD
Form 6-K
November 02, 2011
FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of November, 2011
Commission File Number: 000-31215

MIND C.T.I. LTD.
(Translation of registrant's name into English)

Industrial Park, Building 7, P.O.Box 144, Yoqneam 20692, Israel
(Address of principal executive offices)

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): N/A

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): N/A

Indicate by check mark whether by furnishing the information contained in this Form, the registrant 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 the registrant in connection with Rule 12g3-2(b): 82-N/A

INCORPORATION BY REFERENCE

The Registrant's GAAP financial statements attached to the press release in Exhibit 1 to this Report on Form 6-K are hereby incorporated by reference into: (i) the Registrant's Registration Statement on Form S-8, Registration No. 333-117054; (ii) the Registrant's Registration Statement on Form S-8, Registration No. 333-100804; and (iii) the Registrant's Registration Statement on Form S-8, Registration No. 333-54632.

CONTENTS

This report on Form 6-K of the registrant consists of the following Exhibit, which is attached hereto and incorporated by reference herein:

Press Release: MIND CTI Reports Results for Q3 2011; MIND Announces its 2nd Win with an Israeli MVNO.

SIGNATURES

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

By Order of the Board of Directors,
/s/ Monica Iancu

=====
Title: Monica Iancu
Chairperson of the Board of Directors,
President and Chief Executive Officer

Date: November 02, 2011

EXHIBIT INDEX

| Exhibit Number | Description of Exhibit |
|----------------|--|
| 1. | Press Release: MIND CTI Reports Results for Q3 2011; MIND Announces its 2nd Win with an Israeli MVNO, dated November 02, 2011. |

Exhibit 1

MIND CTI Reports Results for Q3 2011

*MIND Announces its 2nd Win with an Israeli MVNO

**Conference Call Scheduled for November 3, 2011 at 8:30 AM Eastern Time

Yoqneam, Israel, November 2, 2011 — MIND C.T.I. LTD. (NasdaqGM:MNDO), a leading provider of convergent end-to-end billing and customer care product based solutions for service providers as well as telecom expense management (enterprise call accounting) solutions, today announced results for the third quarter of 2011.

Financial Highlights

- Revenues were \$4.63 million, compared with \$4.71 million in the third quarter of 2010 and \$4.55 million in the second quarter of 2011.
- Operating income was \$992 thousand, or 21.4 % of revenue, compared with \$298 thousand (after a non-cash impairment of \$993 thousand) in the third quarter of 2010.
- Net income was \$891 thousand or \$0.05 per share, compared with \$356 thousand in the third quarter of 2010.
 - Cash flow from operating activities was \$310 thousand.
 - One new customer and multiple follow-on orders.
 - Cash position of \$17.6 million on September 30, 2011.

Revenue Distribution for Q3 2011

Sales in the Americas represented 49.5 % and sales in Europe represented 36.0 % of total revenue and the rest divided between Israel, Africa and Asia-Pacific.

Revenue from customer care and billing software totaled \$3.57 million, while revenue from enterprise call accounting software was \$1.06 million.

New Win & Follow-on Orders

The new win is with an Israeli MVNO that is expected to offer cellular services in Israel's communication market starting 2012. MIND will supply a complete MVNO-in-a-box solution, including the platform required as well as all the integration and implementation services.

MIND's existing satisfied customers initiate each quarter follow-on orders mainly for support of new business models or additional functionality and we proudly announce multiple such orders this quarter as well.

Monica Iancu, Chairperson and CEO, commented: "We are excited to have been selected for the second time by an Israeli MVNO (mobile virtual network operator). We believe that this win after a long selection process was mainly based on our proven delivery execution. We expect to complete this project on time and within budget, just as we did with our previous implementations."

AGM Update

MIND's Annual General Meeting was held on Tuesday, September 27, 2011. The Board of Directors approved all of the proposals.

Dividend Update

In July 2003, our board of directors adopted our dividend policy and in October 2010 our board of directors updated this policy slightly. Under the existing policy, subject to specific board approval and applicable law, we declare a dividend distribution once per year, the amount being equal to our EBITDA plus financial income (expenses) minus taxes on income. Since 2003, we have distributed yearly dividends eight times, as well as one special dividend of \$0.80 per share, distributed in December 2009, with an aggregated amount of approximately \$2.37 per share. We

intend to continue to distribute cash dividends based on factors that include our cash position and activities.

In the last years, we needed to receive court approval formally required in order to enable a distribution since under Israeli law, a company with insufficient retained earnings is required to obtain approval from the court for such a cash distribution. Since we believe that by the end of 2011 we will have sufficient earnings to enable an additional dividend distribution, we expect to declare the 2011 dividend in February 2012, without the need for Court approval.

Conference Call Information

MIND will host a conference call on November 3, 2011 at 8:30 a.m., Eastern Time, to discuss the Company's third quarter 2011 results and other financial and business information. The call will be carried live on the Internet via www.earnings.com and the MIND website, www.mindcti.com. For those unable to listen to the live web cast, a replay will be available.

Full financial results can be found in the Investors section www.mindcti.com/investor/PressReleases.asp and in our Form 6-K as well.

About MIND

MIND CTI Ltd. is a leading provider of convergent end-to-end billing and customer care product based solutions for service providers as well as telecom expense management (call accounting) solutions. MIND provides a complete range of billing applications for any business model (license, managed service or complete outsourced billing service) for Wireless, Wireline, VoIP and Quad-play carriers in more than 40 countries around the world. A global company, with over twelve years of experience in providing solutions to carriers and enterprises, MIND operates from offices in the United States, UK, Romania and Israel.

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995: All statements other than historical facts included in the foregoing press release regarding the Company's business strategy are "forward-looking statements." These statements are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements are not guarantees of future performance, and actual results may materially differ. The forward-looking statements involve risks, uncertainties, and assumptions, including the risks discussed in the Company's filings with the United States Securities Exchange Commission. The Company does not undertake to update any forward-looking information.

Follow MIND on Twitter @mindcti

For more information please contact:

Andrea Dray

MIND CTI Ltd.

Tel: +972-4-993-6666

investor@mindcti.com

MIND C.T.I. LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS

| | September 30, 2011 (Unaudited) | December 31, 2010 (Audited) |
|--|---|--------------------------------------|
| U.S. \$ in thousands | | |
| A s s e t s | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$11,159 | \$17,582 |
| Short term bank deposits | 4,100 | 2,905 |
| Available for sale securities | 893 | - |
| Accounts receivable: | | |
| Trade | 1,680 | 1,585 |
| Other | 246 | 154 |
| Prepaid expenses | 97 | 164 |
| Deferred cost of revenues | 571 | 199 |
| Inventories | 30 | 30 |
| Total current assets | 18,776 | 22,619 |
| INVESTMENTS AND OTHER NON CURRENT ASSETS: | | |
| Available for sale securities | 1,419 | - |
| Severance Pay Fund | 1,317 | 1,512 |
| Deferred cost of revenues | 37 | 66 |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization | 769 | 834 |
| GOODWILL | 5,430 | 5,430 |
| Total assets | \$27,748 | \$30,461 |
| Liabilities and shareholders' equity | | |
| CURRENT LIABILITIES : | | |
| Accounts payable and accruals: | | |
| Trade | \$318 | \$244 |
| Other | 1,395 | 1,236 |
| Deferred revenues | 2,449 | 3,020 |
| Total current liabilities | 4,162 | 4,500 |
| LONG TERM LIABILITIES : | | |
| Deferred revenues | 376 | 276 |
| Employee rights upon retirement | 1,557 | 1,702 |
| Total liabilities | 6,095 | 6,478 |
| SHAREHOLDERS' EQUITY: | | |
| Share capital | 54 | 54 |
| Additional paid-in capital | 30,292 | 35,633 |
| Accumulated other comprehensive income | (174) | - |
| Differences from translation of foreign currency financial statements of a subsidiary | (1,122) | (1,140) |
| Treasury shares | (2,653) | (2,800) |

| | | |
|--|----------|----------|
| Accumulated deficit | (4,744) | (7,764) |
| Total shareholders' equity | 21,653 | 23,983 |
| Total liabilities and shareholders' equity | \$27,748 | \$30,461 |

MIND C.T.I. LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | Nine months | | Three months | | Year ended December 31, 2010 (Unaudited) |
|---|---|-----------|----------------------------|----------|--|
| | ended September 30 2011 (Unaudited) | 2010 | ended September 30 2011 | 2010 | |
| | U.S. \$ in thousands (except per share data) | | | | |
| Revenues | \$ 13,970 | \$ 14,895 | \$ 4,627 | \$ 4,715 | \$ 19,886 |
| Less: stock- based compensation granted to a customer | 332 | - | - | - | - |
| | 13,638 | 14,895 | 4,627 | 4,715 | 19,886 |
| Cost of revenues | 4,540 | 4,834 | 1,477 | 1,456 | 6,167 |
| Gross profit | 9,098 | 10,061 | 3,150 | 3,259 | 13,719 |
| Research and development expenses | 3,595 | 3,006 | 1,211 | 1,034 | 4,057 |
| Selling and marketing expenses | 1,421 | 1,650 | 469 | 530 | 2,119 |
| General and administrative expenses | 1,325 | 1,259 | 478 | 404 | 1,555 |
| Impairment of goodwill | - | 586 | - | 586 | 586 |
| Impairment of intangible assets | - | 407 | - | 407 | 407 |
| Operating income | 2,757 | 3,153 | 992 | 298 | 4,995 |
| Financial income (expenses) - net | 327 | (8) | (76) | 159 | 49 |
| Income before taxes on income | 3,084 | 3,145 | 916 | 457 | 5,044 |
| Taxes on income | 64 | 149 | 25 | 101 | 188 |
| Net income | \$ 3,020 | \$ 2,996 | \$ 891 | \$ 356 | \$ 4,856 |
| Earning per ordinary share: | | | | | |
| Basic and diluted | \$ 0.16 | \$ 0.16 | \$ 0.05 | \$ 0.02 | \$ 0.26 |
| Weighted average number of ordinary shares used in computation of earnings per ordinary share - in thousands: | | | | | |
| Basic | 18,662 | 18,457 | 18,727 | 18,488 | 18,467 |
| Diluted | 18,847 | 18,549 | 18,812 | 18,595 | 18,613 |

MIND C.T.I. LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Nine months | | Three months | | Year ended |
|---|----------------------|---------|--------------------|--------|-------------|
| | ended September 30 | | ended September 30 | | December |
| | 2011 | 2010 | 2011 | 2010 | 31, 2010 |
| | (Unaudited) | | | | (Audited) |
| | U.S. \$ in thousands | | | | |
| Cash flows from operating activities: | | | | | |
| Net income | \$3,020 | \$2,996 | \$891 | \$356 | \$4,856 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 222 | 493 | 72 | 145 | 582 |
| Financial income from available for sale securities | 19 | - | - | - | - |
| Impairment of goodwill | - | 586 | - | 586 | 586 |
| Impairment of intangible assets | - | 407 | - | 407 | 407 |
| Accrued severance pay | (90) | 263 | (51) | 152 | 134 |
| Capital gain on sale of equipment - net | (19) | (15) | - | - | (15) |
| Expenses related to Employees share-based compensation | 44 | 76 | 11 | 16 | 139 |
| Stock- based compensation granted to a customer (deducted from revenues) | 332 | - | - | - | - |
| Changes in operating asset and liability items: | | | | | |
| Decrease (increase) in accounts receivable: | | | | | |
| Trade | (86) | 278 | 19 | 366 | (352) |
| Other | (129) | (22) | (8) | (69) | 44 |
| Decrease (increase) in prepaid expenses and deferred charges | (275) | (8) | (261) | 90 | (74) |
| Decrease in inventories | - | - | - | - | 4 |
| Increase (decrease) in accounts payable and accruals: | | | | | |
| Trade | 73 | 188 | (8) | 190 | (207) |
| Other | 159 | (156) | 23 | (119) | (336) |
| Increase (decrease) in deferred revenues | (471) | 284 | (378) | (431) | 536 |
| Net cash provided by operating activities | 2,799 | 5,370 | 310 | 1,689 | 6,304 |
| Cash flows from investing activities: | | | | | |
| Purchase of available for sale securities | (2,505) | - | (500) | - | - |
| Purchase of property and equipment | (217) | (138) | (48) | (26) | (171) |
| Severance pay funds | 140 | (212) | 37 | (128) | (208) |
| Investment in short term bank deposits | (1,223) | (41) | (712) | (706) | (722) |
| Proceeds from sale of property and equipment | 79 | 40 | - | - | 40 |
| Net cash used in investing activities | (3,726) | (351) | (1,223) | (860) | (1,061) |

Cash flows from financing activities:

| | | | | | |
|---|----------|----------|---|---|----------|
| Employee stock options exercised and paid | 398 | 71 | 1 | 4 | 75 |
| Dividend paid | (5,968) | (3,686) | - | - | (3,686) |
| Net cash provided by (used in) financing activities | (5,570) | (3,615) | 1 | 4 | (3,611) |

Translation adjustments on cash

| | | | | | |
|--|----------|-------|--------|-----|-------|
| and Cash equivalents | 74 | - | (12) | 82 | (45) |
| Increase (decrease) in cash and cash equivalents | (6,423) | 1,404 | (924) | 915 | 1,587 |

Balance of cash and cash equivalents at beginning of period

| | | | | | |
|---|----------|----------|----------|----------|----------|
| of period | 17,582 | 15,995 | 12,083 | 16,484 | 15,995 |
| Balance of cash and cash equivalents at end of period | \$11,159 | \$17,399 | \$11,159 | \$17,399 | \$17,582 |