

IDT CORP  
Form 10-Q  
March 17, 2010

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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 JANUARY 31, 2010

or

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

Commission File Number: 1-16371

IDT CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

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

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 has submitted electronically and posted on its corporate Web site, 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 ☐

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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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a 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 ☒

As of March 9, 2010, the registrant had the following shares outstanding:

Common Stock, \$.01 par value: 3,728,654 shares outstanding (excluding 5,512,841 treasury shares)  
Class A common stock, \$.01 par value: 3,272,326 shares outstanding  
Class B common stock, \$.01 par value: 15,632,425 shares outstanding (excluding 7,585,847 treasury shares)

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IDT CORPORATION

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION		Page
Item 1.	Financial Statements (Unaudited)	3
	Condensed Consolidated Balance Sheets	3
	Condensed Consolidated Statements of Operations	4
	Condensed Consolidated Statements of Cash Flows	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risks	44
Item 4T.	Controls and Procedures	44
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	45
Item 1A.	Risk Factors	45
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3.	Defaults Upon Senior Securities	45
Item 4.	Reserved	45
Item 5.	Other Information	45
Item 6.	Exhibits	46
SIGNATURES		47

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

## IDT CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

	January 31, 2010 (Unaudited) (in thousands)	July 31, 2009 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$174,183	\$117,902
Restricted cash and cash equivalents (Note 14)	19,671	64,992
Marketable securities (Note 14)	432	5,702
Trade accounts receivable, net of allowance for doubtful accounts of \$12,518 at January 31, 2010 and \$15,740 at July 31, 2009	117,232	138,697
Prepaid expenses	16,697	17,597
Investments—short-term	3,136	631
Other current assets	18,378	17,394
Assets of discontinued operations	—	18,790
Total current assets	349,729	381,705
Property, plant and equipment, net	110,076	129,066
Goodwill	17,236	17,275
Licenses and other intangibles, net	4,478	5,350
Investments—long-term	7,857	13,099
Other assets	11,841	13,125
Total assets	\$501,217	\$559,620
Liabilities and equity		
Current liabilities:		
Trade accounts payable	\$57,321	\$68,120
Accrued expenses	145,105	159,032
Deferred revenue	70,154	67,505
Income taxes payable	2,031	2,031
Capital lease obligations—current portion	8,062	7,058
Notes payable—current portion	588	820
Other current liabilities	2,713	4,852
Liabilities of discontinued operations	—	5,496
Total current liabilities	285,974	314,914
Capital lease obligations—long-term portion	1,115	5,211
Notes payable—long-term portion	36,377	43,281
Other liabilities	15,393	16,772

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Total liabilities	338,859	380,178
Commitments and contingencies		
Equity:		
IDT Corporation stockholders' equity:		
Preferred stock, \$.01 par value; authorized shares—10,000; no shares issued	—	—
Common stock, \$.01 par value; authorized shares—100,000; 9,241 and 9,241 shares issued and 3,745 and 4,202 shares outstanding at January 31, 2010 and July 31, 2009, respectively	92	92
Class A common stock, \$.01 par value; authorized shares—35,000; 3,272 shares issued and outstanding at January 31, 2010 and July 31, 2009	33	33
Class B common stock, \$.01 par value; authorized shares—200,000; 23,218 and 22,913 shares issued and 15,632 and 15,503 shares outstanding at January 31, 2010 and July 31, 2009, respectively	232	229
Additional paid-in capital	708,700	720,804
Treasury stock, at cost, consisting of 5,496 and 5,039 shares of common stock and 7,586 and 7,410 shares of Class B common stock at January 31, 2010 and July 31, 2009, respectively	(295,624 )	(293,901 )
Accumulated other comprehensive income	742	953
Accumulated deficit	(251,688 )	(251,916 )
Total IDT Corporation stockholders' equity	162,487	176,294
Noncontrolling interests	(129 )	3,148
Total equity	162,358	179,442
Total liabilities and equity	\$501,217	\$559,620

See accompanying notes to condensed consolidated financial statements.

## IDT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended January 31, 2010		Six Months Ended January 31, 2010	
	2009		2009	
	(in thousands, except per share data)			
Revenues	\$362,672	\$403,941	\$690,001	\$807,733
Costs and expenses:				
Direct cost of revenues (exclusive of depreciation and amortization)	288,483	310,023	546,659	622,956
Selling, general and administrative (i)	54,667	66,332	111,766	151,886
Depreciation and amortization	8,443	12,157	17,826	25,019
Bad debt	462	2,117	910	3,753
Research and development	1,383	4,740	3,492	6,384
Impairments	(28 )	8,800	(106 )	8,800
Restructuring charges	1,632	5,970	1,669	7,184
Total costs and expenses	355,042	410,139	682,216	825,982
Income (loss) from operations	7,630	(6,198 )	7,785	(18,249 )
Interest expense, net	(1,957 )	(533 )	(3,289 )	(175 )
Other income (expense), net	107	(10,743 )	(1,081 )	(31,741 )
Income (loss) from continuing operations before income taxes	5,780	(17,474 )	3,415	(50,165 )
Provision for income taxes	(1,640 )	(6,201 )	(2,792 )	(9,001 )
Income (loss) from continuing operations	4,140	(23,675 )	623	(59,166 )
Discontinued operations, net of tax:				
Loss from discontinued operations	(177 )	(38,864 )	(170 )	(40,764 )
Loss on sale of discontinued operations	(44 )	—	(191 )	(231 )
Total discontinued operations	(221 )	(38,864 )	(361 )	(40,995 )
Net income (loss)	3,919	(62,539 )	262	(100,161 )
Net (income) loss attributable to noncontrolling interests	(210 )	553	(34 )	917
Net income (loss) attributable to IDT Corporation	\$3,709	\$(61,986 )	\$228	\$(99,244 )
Amounts attributable to IDT Corporation common stockholders:				
Income (loss) from continuing operations	\$3,930	\$(24,010 )	\$488	\$(59,116 )
Loss from discontinued operations	(221 )	(37,976 )	(260 )	(40,128 )
Net income (loss)	\$3,709	\$(61,986 )	\$228	\$(99,244 )

## Earnings per share attributable to IDT Corporation common stockholders:

## Basic:

Income (loss) from continuing operations	\$0.19	\$ (1.05 )	\$0.02	\$ (2.51 )
Loss from discontinued operations	(0.01 )	(1.66 )	(0.01 )	(1.70 )
Net income (loss)	\$0.18	\$ (2.71 )	\$0.01	\$ (4.21 )

## Weighted-average number of shares used in calculation of basic earnings per share

20,563	22,872	20,377	23,596
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## Diluted:

Income (loss) from continuing operations	\$0.18	\$ (1.05 )	\$0.02	\$ (2.51 )
Loss from discontinued operations	(0.01 )	(1.66 )	(0.01 )	(1.70 )
Net income (loss)	\$0.17	\$ (2.71 )	\$0.01	\$ (4.21 )

## Weighted-average number of shares used in calculation of diluted earnings per share

21,453	22,872	21,027	23,596
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## (i) Stock-based compensation included in selling, general and administrative expenses

\$685	\$621	\$1,890	\$1,944
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See accompanying notes to condensed consolidated financial statements.

## IDT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Six Months Ended January 31,	
	2010	2009
	(in thousands)	
Net cash provided by (used in) operating activities	\$15,264	\$(92,905 )
Investing activities		
Capital expenditures	(4,866 )	(5,321 )
Repayment of notes receivable, net	80	168
Capital contributions to AMSO, LLC	(744 )	—
Proceeds from sale and redemption of investments	980	24,311
Restricted cash and cash equivalents	45,321	(49,156 )
Proceeds from sales of buildings	5,150	—
Proceeds from sales and maturities of marketable securities	4,618	135,318
Purchases of marketable securities	—	(36,045 )
Net cash provided by investing activities	50,539	69,275
Financing activities		
Cash of subsidiaries deconsolidated as a result of the CTM Spin-Off	(9,775 )	—
Distributions to holders of noncontrolling interests in subsidiaries	(1,259 )	(775 )
Proceeds from sale of stock of subsidiary	—	1,187
Proceeds from employee stock purchase plan	—	36
Repayments of capital lease obligations	(3,216 )	(4,125 )
Repayments of borrowings	(327 )	(505 )
Repurchases of common stock and Class B common stock	(1,723 )	(5,088 )
Net cash used in financing activities	(16,300 )	(9,270 )
Discontinued operations		
Net cash provided by (used in) operating activities	930	(273 )
Net cash (used in) provided by investing activities	(44 )	10,249
Net cash used in financing activities	(471 )	(944 )
Net cash provided by discontinued operations	415	9,032
Effect of exchange rate changes on cash and cash equivalents	(117 )	(5,369 )
Net increase (decrease) in cash and cash equivalents	49,801	(29,237 )
Cash and cash equivalents (including discontinued operations) at beginning of period	124,382	164,886
Cash and cash equivalents (including discontinued operations) at end of period	174,183	135,649
Less cash and cash equivalents of discontinued operations at end of period	—	(6,775 )
Cash and cash equivalents (excluding discontinued operations) at end of period	\$174,183	\$128,874
Supplemental schedule of non-cash financing and investing activities		
Mortgage note payable settled in connection with the sale of building	\$(6,137 )	\$—



Net assets excluding cash and cash equivalents of subsidiaries deconsolidated as a result of the CTM Spin-Off	\$(6,011 )	\$—
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See accompanying notes to condensed consolidated financial statements.

IDT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

Note 1—Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of IDT Corporation and its subsidiaries (the “Company” or “IDT”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended January 31, 2010 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2010. The balance sheet at July 31, 2009 has been derived from the Company’s audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, please refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended July 31, 2009, as filed with the U.S. Securities and Exchange Commission (the “SEC”).

The Company’s fiscal year ends on July 31 of each calendar year. Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2010 refers to the fiscal year ending July 31, 2010).

On August 1, 2009, the Company adopted the accounting standard relating to noncontrolling interests in consolidated financial statements (see Note 15). In addition, certain prior year amounts have been reclassified to conform to the current year’s presentation. As described in Note 2, certain subsidiaries have been reclassified to discontinued operations for all periods presented, and a subsidiary has been reclassified from discontinued operations to continuing operations for all periods presented. As described in Note 12, business segment results for the three and six months ended January 31, 2009 have been reclassified and restated to conform to the current year’s presentation.

The Company records Universal Service Fund (“USF”) charges that are billed to customers on a gross basis in its results of operations, and records other taxes and surcharges on a net basis. USF charges in the amount of \$0.6 million and \$1.2 million in the three and six months ended January 31, 2010, respectively, and \$0.7 million and \$1.5 million in the three and six months ended January 31, 2009, respectively, were recorded on a gross basis.

On September 30, 2008, the Company received a notice from the New York Stock Exchange (“NYSE”) that it was no longer in compliance with the NYSE’s \$100 million average market capitalization threshold over a 30-day trading period required for continued listing. The Company submitted a plan, which was accepted by the NYSE, to regain compliance with the continued listing standard by March 30, 2010. The NYSE monitors compliance with the plan and may commence delisting procedures if the Company fails to meet the milestones set forth in its plan. In the event that either the Company’s market capitalization is below \$100 million on March 30, 2010, or its average market capitalization for the 30 trading days beginning February 17, 2010 through and including March 30, 2010 is below \$100 million, the NYSE is likely to initiate the delisting process. Should the NYSE commence the delisting process, the Company would seek to transition its stock listings to an alternative exchange. Currently, the Company meets the initial quantitative listing standards for the NASDAQ Global Market and NYSE Amex. As of March 15, 2010, the Company had a market capitalization of \$119.4 million and its average market capitalization for the period beginning February 17, 2010 through and including March 15, 2010 was \$106.6 million.

Although the Company had income from continuing operations and net income in the six months ended January 31, 2010, the Company incurred a loss from continuing operations in each of the five years in the period ended July 31, 2009. In addition, the Company incurred a net loss in fiscal 2009, fiscal 2008, fiscal 2006 and fiscal 2005, and would have incurred a net loss in fiscal 2007 except for a gain on the sale of IDT Entertainment. Also, the Company had positive cash flow from operating activities in the six months ended January 31, 2010, however the Company had negative cash flow from operating activities in each of the three years in the period ended July 31, 2009. The Company had an accumulated deficit at January 31, 2010 of \$251.7 million. Historically, the Company satisfied its cash requirements primarily through a combination of its existing cash and cash equivalents, proceeds from the sale of businesses, proceeds from the sales and maturities of marketable securities and investments, proceeds from sales of buildings, arbitration awards and litigation settlements, and borrowings from third parties. In addition, in the six months ended January 31, 2010, the Company had net cash provided by operating activities of \$15.3 million. The Company currently expects its operations in the next twelve months and the balance of cash, cash equivalents, marketable securities and investments in hedge funds that it held as of January 31, 2010 will be sufficient to meet its currently anticipated working capital and capital expenditure requirements. The foregoing is based on a number of assumptions, including that the Company will collect its receivables, effectively manage its working capital requirements, prevail in legal actions and other claims initiated against it, and maintain its revenue levels and liquidity. Predicting these matters is particularly difficult in the current worldwide economic situation and overall decline in consumer demand. Failure to generate sufficient revenue and operating income could have a material adverse effect on the Company's results of operations, financial condition and cash flows. The recoverability of assets is highly dependent on the ability of management to execute its business plan.

Note 2—Discontinued Operations

CTM Media Holdings, Inc.

On September 14, 2009, the Company completed a pro rata distribution of the common stock of CTM Media Holdings, Inc. (“CTM Holdings”) to the Company’s stockholders of record as of the close of business on August 3, 2009 (the “CTM Spin-Off”). CTM Holdings’ businesses at the time of the CTM Spin-Off included CTM Media Group, IDW Publishing and WMET 1160AM. CTM Holdings and subsidiaries met the criteria to be reported as discontinued operations and accordingly, their assets, liabilities, results of operations and cash flows are classified as discontinued operations for all periods presented. As of September 14, 2009, each of the Company’s stockholders of record as of the close of business on the record date received: (i) one share of CTM Holdings Class A common stock for every three shares of the Company’s common stock; (ii) one share of CTM Holdings Class B common stock for every three shares of the Company’s Class B common stock; (iii) one share of CTM Holdings Class C common stock for every three shares of the Company’s Class A common stock; and (iv) cash in lieu of a fractional share of all classes of CTM Holdings’ common stock.

In September 2009, prior to the CTM Spin-Off, the Company funded CTM Holdings with an additional \$2.0 million in cash.

Prior to the CTM Spin-Off, the Company provided certain services to CTM Holdings’ subsidiaries. The Company and CTM Holdings entered into a Master Services Agreement, dated September 14, 2009, pursuant to which, among other things, the Company provides certain administrative and other services to CTM Holdings on an interim basis. Such services include assistance with periodic reports required to be filed with the SEC as well as maintaining minutes, books and records of meetings of the Board of Directors and its committees, and assistance with corporate governance. In the three and six months ended January 31, 2010, the Company’s selling, general and administrative expenses were reduced by \$0.4 million and \$0.6 million, respectively, for the amounts charged to CTM Holdings. At January 31, 2010, other current assets included \$0.2 million due from CTM Holdings.

The Company and CTM Holdings entered into a Tax Separation Agreement, dated as of September 14, 2009, to provide for certain tax matters including the assignment of responsibility for the preparation and filing of tax returns, the payment of and indemnification for taxes, entitlement to tax refunds and the prosecution and defense of any tax controversies. Pursuant to this agreement, the Company indemnifies CTM Holdings from all liability for taxes of CTM Holdings and its subsidiaries for periods ending on or before September 14, 2009, and CTM Holdings indemnifies the Company from all liability for taxes of CTM Holdings and its subsidiaries accruing after September 14, 2009. Also, for periods ending on or before September 14, 2009, the Company shall have the right to control the conduct of any audit, examination or other proceeding brought by a taxing authority. CTM Holdings shall have the right to participate jointly in any proceeding that may affect its tax liability unless the Company has indemnified CTM Holdings. Finally, CTM Holdings and its subsidiaries agreed not to carry back any net operating losses, capital losses or credits for any taxable period ending after September 14, 2009 to a taxable period ending on or before September 14, 2009 unless required by applicable law, in which case any refund of taxes attributable to such carry back shall be for the account of the Company.

Hillview Avenue Realty, LLC

On July 31, 2009, Hillview Avenue Realty, LLC (“Hillview”), a majority owned subsidiary of the Company, closed on the sale of its property located at 3373 and 3375 Hillview Avenue in Palo Alto, California. The Company has a 69.27% ownership interest in Hillview. The property consisted of two interconnected office buildings located on 6.68 acres. The sales price was \$62.7 million. The Company’s proceeds from the sale, after deduction of the mortgage debt secured by the property that was assumed by the buyer or repaid in connection with the sale, and transaction expenses

were \$4.4 million, which was received in August 2009. In November 2009, the Company paid \$1.5 million of the proceeds to the minority owners of Hillview. This sale met the criteria to be reported as discontinued operations and accordingly, the assets, liabilities, results of operations and cash flows of the property are classified as discontinued operations for all periods presented.

#### Union Telecard Dominicana, S.A and Ethnic Grocery Brands LLC

On June 24, 2009, the Company acquired the 49% interest in Union Telecard Alliance, LLC (“UTA”) that it did not own in exchange for (a) \$4.9 million in cash, (b) a promissory note in the principal amount of \$1.2 million payable in thirty-six equal monthly installments, (c) the forgiveness of a note receivable in the amount of \$1.2 million including principal and accrued interest, (d) the assignment of all of the interests in Union Telecard Dominicana, S.A. (“UTA DR”) held by UTA, (e) the assignment of an 80% ownership interest in Ethnic Grocery Brands LLC (“EGB”) held by UTA, and (f) other consideration of \$0.4 million. UTA retained a 10% ownership interest in EGB. In addition, the seller may receive up to an additional \$1.7 million for post-closing contingencies. The aggregate purchase price was \$9.7 million, which included the aggregate estimated fair value of the interests in UTA DR and EGB of \$2.0 million. UTA is the distributor of the Company’s prepaid calling cards in the United States. UTA DR and EGB met the criteria to be reported as discontinued operations and accordingly, the assets, liabilities, results of operations and cash flows of UTA DR and EGB are classified as discontinued operations for all periods presented.

## IDT Carmel

On January 30, 2009, IDT Carmel, Inc., IDT Carmel Portfolio Management LLC, and FFPM Carmel Holdings I LLC (all of which are subsidiaries of the Company) (collectively “IDT Carmel”) and Sherman Originator III LLC consummated the sale, pursuant to a Purchase and Sale Contract, of substantially all of IDT Carmel Portfolio Management LLC’s debt portfolios with an aggregate face value of \$951.6 million for cash of \$18.0 million. The Company exited the debt collection business in April 2009. IDT Carmel met the criteria to be reported as a discontinued operation and accordingly, IDT Carmel’s assets, liabilities, results of operations and cash flows are classified as discontinued operations for all periods presented. Loss on sale of discontinued operations in the three and six months ended January 31, 2010 of \$0.1 million and \$0.2 million, respectively, included costs which arose from and were directly related to the operations of IDT Carmel prior to its disposal.

## IDT Entertainment

In the first quarter of fiscal 2007, the Company completed the sale of IDT Entertainment to Liberty Media Corporation. Loss on sale of discontinued operations in the six months ended January 31, 2009 of \$0.2 million included compensation which arose from and was directly related to the operations of IDT Entertainment prior to its disposal.

## Significant Accounting Policies of Discontinued Operations

IDT Carmel purchased debt portfolios that experienced deterioration of credit quality at a significantly lower price than their contractual amount. Upon acquisition of debt portfolios, static pools of accounts were established, which were aggregated based on certain common risk criteria. Each static pool was recorded at cost, which included external acquisition costs, and was accounted for as a single unit for the recognition of income, principal payments and loss provision. Once pools were established, they were not changed unless replaced, returned or sold.

The Company, through IDT Carmel, accounted for its purchased debt portfolios in accordance with the accounting standard relating to certain loans or debt securities acquired in a transfer, which provided for recognition of the excess of the undiscounted collections expected at acquisition over the cost of the purchased debt as income. Income was recognized on a level-yield basis over the expected life of the debt (the “effective yield method”) based on the expected internal rate of return (“IRR”). Subsequent increases in cash flows expected to be collected were generally recognized prospectively through an increase to the IRR over the debt’s remaining life. Decreases in cash flows expected to be collected were recognized as impairment. Recognition of income under the effective yield method was dependent on having a reasonable expectation about the timing and amount of cash flows expected to be collected. IDT Carmel used the cost recovery method to account for a portfolio if it could not reasonably predict the timing and amount of collections from the portfolio. Under the cost recovery method, no income was recognized until IDT Carmel fully collected the cost of the portfolio.

## Summary Financial Data of Discontinued Operations

Revenues, (loss) income before income taxes and net (loss) income of CTM Holdings and subsidiaries, Hillview, UTA DR, EGB and IDT Carmel, which are included in discontinued operations, were as follows:

Three Months Ended		Six Months Ended	
January 31,		January 31,	
2010	2009	2010	2009
(in thousands)			

Revenues:

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CTM Holdings and subsidiaries	\$—	\$7,244	\$4,045	\$16,301
Hillview	—	1,658	—	3,313
UTA DR	—	18,250	—	29,421
EGB	—	6,197	—	13,024
IDT Carmel	—	6,750	—	15,602
Total	\$—	\$40,099	\$4,045	\$77,661

(Loss) income before income taxes:

CTM Holdings and subsidiaries	\$(177 )	\$(2,715 )	\$40	\$(2,711 )
Hillview	—	69	—	(166 )
UTA DR	—	(373 )	—	(451 )
EGB	—	(607 )	—	(1,320 )
IDT Carmel	—	(35,249 )	—	(35,959 )
Total	\$(177 )	\$(38,875 )	\$40	\$(40,607 )

Net (loss) income:

CTM Holdings and subsidiaries	\$(177 )	\$(2,704 )	\$(170 )	\$(2,868 )
Hillview	—	69	—	(166 )
UTA DR	—	(373 )	—	(451 )
EGB	—	(607 )	—	(1,320 )
IDT Carmel	—	(35,249 )	—	(35,959 )
Total	\$(177 )	\$(38,864 )	\$(170 )	\$(40,764 )

The assets and liabilities of CTM Holdings and subsidiaries at July 31, 2009 included in discontinued operations consist of the following:

	(in thousands)
<b>Assets</b>	
Cash and cash equivalents	\$6,480
Trade accounts receivable, net	3,908
Prepaid expenses	980
Investments-short-term	1,024
Other current assets	1,408
Property, plant and equipment, net	4,243
Licenses and other intangibles, net	588
Other assets	159
<b>Assets of discontinued operations</b>	<b>\$18,790</b>
<b>Liabilities</b>	
Trade accounts payable	\$1,024
Accrued expenses	1,427
Deferred revenues	1,731
Capital lease obligations-current portion	222
Other current liabilities	563
Capital lease obligations-long-term portion	526
Other liabilities	3
<b>Liabilities of discontinued operations</b>	<b>\$5,496</b>

#### European Prepaid Payment Services Business

On July 9, 2009, the Company entered into an agreement for the sale of the capital stock of IDT Financial Services Holding Limited (“IDT Financial Services”), the Company’s European prepaid payment services business. IDT Financial Services provides prepaid MasterCard® products in the United Kingdom under the “Prime Card” brand. In the fourth quarter of fiscal 2009, IDT Financial Services met the criteria to be classified as held for sale and reported as discontinued operations. On October 31, 2009, as a result of certain events that indicated that the buyer was unlikely to complete the transaction, the Company concluded that the sale was no longer probable. Therefore, IDT Financial Services no longer met the criteria to be classified as held for sale and reported as discontinued operations. Accordingly, the assets, liabilities, results of operations and cash flows of IDT Financial Services are classified as continuing operations for all periods presented. The Company currently intends to operate and further develop IDT Financial Services.

#### Note 3—Marketable Securities

The Company classifies all of its marketable securities as “available-for-sale” securities. Marketable securities are stated at fair value, with unrealized gains and losses in such securities reflected, net of tax, in “Accumulated other comprehensive income” in the accompanying consolidated balance sheets. The Company’s marketable securities at January 31, 2010 and July 31, 2009 included auction rate securities with a cost of \$14.3 million and an estimated fair value of \$0.4 million and \$0.6 million, respectively. In fiscal 2009 and fiscal 2008, the Company recorded an



aggregate \$13.9 million loss after determining that there were other than temporary declines in the value of these auction rate securities.

The following is a summary of marketable securities:

	Amortized Cost	Gross Unrealized Gains (in thousands)	Gross Unrealized Losses (in thousands)	Fair Value
January 31, 2010:				
Available-for-sale securities:				
Debt securities	\$353	\$79	\$—	\$432
July 31, 2009:				
Available-for-sale securities:				
Corporate and other debt securities	\$5,508	\$232	\$(52)	\$5,688
Equity securities	15	—	(1)	14
Total	\$5,523	\$232	\$(53)	\$5,702

Proceeds from sales and maturities of available-for-sale securities and the gross realized gains that have been included in earnings as a result of those sales and maturities in the six months ended January 31, 2010 were \$4.6 million and \$0.3 million, respectively. Proceeds from sales and maturities of available-for-sale securities and the gross realized losses that have been included in earnings as a result of those sales and maturities in the six months ended January 31, 2009 were \$135.3 million and \$(10.9) million, respectively. The Company uses the specific identification method in computing the gross realized gains and gross realized losses on the sales of marketable securities.

The contractual maturities of the Company's available-for-sale debt securities at January 31, 2010 were as follows:

	Fair Value (in thousands)
Within one year	\$—
After one year through five years	3
After five years through ten years	—
After ten years	429
Total	\$432

At January 31, 2010, there were no securities in an unrealized loss position. At July 31, 2009, the following available-for-sale securities were in an unrealized loss position for which other-than-temporary impairments had not been recognized:

	Unrealized Losses (in thousands)	Fair Value
Corporate and other debt securities	\$52	\$5,103
Equity securities	1	14
Total	\$53	\$5,117

At January 31, 2010 and July 31, 2009, there were no securities in a continuous unrealized loss position for 12 months or longer.

## Note 4—Fair Value Measurements

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis:

	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
	(in thousands)			
January 31, 2010:				
Assets:				
Debt securities	\$3	\$—	\$429	\$432
Liabilities:				
Derivative contracts	\$139	\$—	\$—	\$139
July 31, 2009:				
Assets:				
Corporate and other debt securities	\$3	\$—	\$5,685	\$5,688
Equity securities	14	—	—	14
Total marketable securities	\$17	\$—	\$5,685	\$5,702
Liabilities:				
Derivative contracts	\$493	\$—	\$686	\$1,179

(1) – quoted prices in active markets for identical assets or liabilities

(2) – observable inputs other than quoted prices in active markets for identical assets and liabilities

(3) – no observable pricing inputs in the market

The Company's marketable securities at January 31, 2010 and July 31, 2009 included auction rate securities with a cost of \$14.3 million. The underlying asset for these securities is preferred stock of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. The fair values of the auction rate securities, which cannot be corroborated by the market, were estimated based on the value of the underlying assets and the Company's assumptions, and are therefore classified as Level 3.

The Company's investments in hedge funds, which are included in "Investments—short-term" and "Investments—long-term" in the accompanying condensed consolidated balance sheets, are accounted for using the equity method unless the Company's interest is so minor that it has virtually no influence over operating and financial policies pursuant to the accounting standards relating to investments in limited partnerships and in limited liability companies. The Company's investments in hedge funds are therefore excluded from the fair value measurements table above.

The Company's derivative contracts are valued using quoted market prices or significant unobservable inputs. These contracts consist of (1) natural gas and electricity forward contracts to fix the price that IDT Energy will pay for specified amounts of natural gas and electricity on specified dates, which are classified as Level 1, and (2) an embedded derivative in a structured note that must be bifurcated, which was classified as Level 3. The fair values of the structured note, which was included in marketable securities and was classified as Level 3, and the embedded derivative were estimated primarily based on pricing information from the counterparty. This structured note matured in November 2009.

The following tables summarize the change in the balance of the Company's assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Three Months Ended January 31, 2010		Three Months Ended January 31, 2009	
	Assets	Liabilities	Assets	Liabilities
	(in thousands)			
Balance, beginning of period	\$5,577	\$(888 )	\$14,405	\$(155 )
Total gains (losses) (realized or unrealized):				
Included in earnings in "Other income (expense), net"	(156 )	488	(336 )	(2,688 )
Included in other comprehensive loss	8	—	550	—
Purchases, sales, issuances and settlements	(5,000 )	400	(9,000 )	—
Transfers in (out) of Level 3	—	—	—	—
Balance, end of period	\$429	\$—	\$5,619	\$(2,843 )
The amount of total gains or losses for the period included in earnings in "Other income (expense), net" attributable to the change in unrealized gains or losses relating to assets or liabilities still held at the end of the period				
	\$—	\$—	\$(336 )	\$(2,688 )

	Six Months Ended January 31, 2010		Six Months Ended January 31, 2009	
	Assets	Liabilities	Assets	Liabilities
	(in thousands)			
Balance, beginning of period	\$5,685	\$(686 )	\$53,265	\$(155 )
Total gains (losses) (realized or unrealized):				
Included in earnings in "Other income (expense), net"	(156 )	286	(8,571 )	(2,688 )
Included in other comprehensive loss	(100 )	—	3,005	—
Purchases, sales, issuances and settlements	(5,000 )	400	(42,080 )	—
Transfers in (out) of Level 3	—	—	—	—
Balance, end of period	\$429	\$—	\$5,619	\$(2,843 )
The amount of total gains or losses for the period included in earnings in "Other income (expense), net" attributable to the change in unrealized gains or losses relating to assets or liabilities still held at the end of the period	\$—	\$—	\$(6,650 )	\$(2,688 )

#### Fair Value of Other Financial Instruments

The estimated fair value of the Company's other financial instruments has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting this data to develop estimates of fair value. Consequently, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. At January 31, 2010 and July 31, 2009, the carrying value of the Company's trade accounts receivable, prepaid expenses, investments-short-term, other current assets, trade accounts payable, accrued expenses, deferred revenue, income taxes payable, capital lease obligations—current portion, notes payable—current portion and other current liabilities approximate fair value because of the short period of time to maturity. At January 31, 2010 and July 31, 2009, the carrying value of the long term portion of the Company's notes payable and capital lease obligations and the Company's other non-current liabilities approximate fair value as their contractual interest rates approximate market yields for similar debt instruments.

#### Note 5—Derivative Instruments

The primary risks managed by the Company using derivative instruments are commodity price risk and interest rate risk. Natural gas and electricity forward contracts are entered into to fix the price that IDT Energy will pay for specified amounts of natural gas and electricity on specified dates. An interest rate swap was used until June 2009 to achieve a fixed interest rate on a portion of the Company's variable-rate debt. In addition, one of the Company's marketable securities was a structured note that contained an embedded derivative feature. The structured note had a par value of \$5.0 million and matured in November 2009.

IDT Energy has entered into forward contracts as hedges against unfavorable fluctuations in natural gas and electricity prices. These contracts do not qualify for hedge accounting treatment and therefore, the changes in fair value are recorded in earnings. As of January 31, 2010, IDT Energy had the following outstanding forward contract:

Commodity	Settlement Date	Volume
Natural gas	March 2010	77,500 mmbtu

The Company had an interest rate swap related to the variable rate obligations secured by a building. In June 2009, the building was sold, at which time the obligation was repaid and the interest rate swap was canceled.

The fair value of outstanding derivative instruments recorded as liabilities in the accompanying condensed consolidated balance sheets were as follows:

Liability Derivatives	Balance Sheet Location	January 31, 2010	July 31, 2009 (in thousands)
Derivatives not designated or not qualifying as hedging instruments:			
Energy contracts	Other current liabilities	\$ 139	\$ 493
Structured note embedded derivative	Other current liabilities	—	686
Total liability derivatives		\$ 139	\$ 1,179

The effects of derivative instruments on the condensed consolidated statements of operations were as follows:

Derivatives not designated or not qualifying as hedging instruments	Location of Gain (Loss)  Recognized on Derivatives	Amount of Gain (Loss) Recognized on Derivatives			
		Three Months Ended		Six Months Ended	
		January 31,		January 31,	
		2010	2009	2010	2009
		(in thousands)			
Energy contracts	Direct cost of revenues	\$ 155	\$ (288 )	\$ 355	\$ (777 )
Interest rate contracts	Other income (expense), net	—	(375 )	—	(375 )
Structured note embedded derivative	Other income (expense), net	488	(2,313 )	286	(2,313 )
Total		\$ 643	\$ (2,976 )	\$ 641	\$ (3,465 )

The Company is exposed to credit loss in the event of nonperformance by counterparties on the above derivative instruments. Although nonperformance is possible, the Company does not anticipate nonperformance by any of these parties primarily because the contracts are with creditworthy counterparties.

#### Note 6—Investment in American Shale Oil, LLC

In April 2008, American Shale Oil Corporation (“AMSO”), a wholly-owned subsidiary of the Company, acquired a 75% equity interest in American Shale Oil, L.L.C. (“AMSO, LLC”), in exchange for cash of \$2.5 million and certain commitments for future funding of AMSO, LLC’s operations. In a separate transaction in April 2008, the Company acquired an additional 14.9437% equity interest in AMSO, LLC in exchange for cash of \$3.0 million.

AMSO, LLC is one of three holders of leases granted by the U.S. Bureau of Land Management (“BLM”) to research, develop and demonstrate in-situ technologies for potential commercial shale oil production (“RD&D Leases”) in western Colorado. The RD&D Lease awarded to AMSO, LLC by the BLM covers an area of 160 acres. The lease runs for a ten year period beginning on January 1, 2007, and is subject to an extension of up to five years if AMSO, LLC can demonstrate that a process leading to the production of commercial quantities of shale oil is diligently being pursued. Once AMSO, LLC demonstrates the economic and environmental viability of its technology, it will have the opportunity to submit a one time payment pursuant to the Oil Shale Management Regulations and convert its RD&D Lease to a commercial lease on 5,120 acres which overlap and are contiguous with the 160 acres in its RD&D Lease.

In March 2009, pursuant to a Member Interest Purchase Agreement entered into on December 19, 2008, TOTAL E&P Research & Technology USA, (“Total”), a subsidiary of TOTAL S.A., the world’s fifth largest integrated oil and gas company, acquired a 50% interest in AMSO, LLC in exchange for cash paid to the Company of \$3.2 million and Total’s commitment to fund the majority of AMSO, LLC’s research, development and demonstration expenditures. While AMSO is the operator of the project during the RD&D phase, Total will provide a majority of the funding during the RD&D phase, and technical assistance throughout the life of the project. Total will lead the planning of the commercial development and will assume management responsibilities during the subsequent commercial phase.

The Company consolidated AMSO, LLC prior to the closing of the transaction with Total. Beginning with the closing, the Company accounts for its 50% ownership interest in AMSO, LLC using the equity method since the Company has



the ability to exercise significant influence over its operating and financial matters, although it no longer controls AMSO, LLC. AMSO, LLC is a variable interest entity, however, the Company is not the primary beneficiary because it will not absorb a majority of the expected losses or receive a majority of the expected residual returns.

The following table summarizes the change in the balance of the Company's Investment in AMSO, LLC beginning with Total's acquisition of a 50% interest in AMSO, LLC. The investment in AMSO, LLC is included in "Investments-long-term" in the consolidated balance sheet and equity in net loss of AMSO, LLC is included in "Other income (expense), net" in the consolidated statement of operations.

	Six Months Ended January 31, 2010	Period from March 2, 2009 to July 31, 2009
	(in thousands)	
Balance, beginning of period	\$278	\$(65 )
Capital contributions	744	1,074
Equity in net loss of AMSO, LLC	(712 )	(731 )
Balance, end of period	\$310	\$278

In accordance with the agreement between the parties, AMSO has committed to a total investment of \$10.0 million in AMSO, LLC, subject to certain exceptions described below where the amount could be greater or lesser. Total has the option of withdrawing from AMSO, LLC and terminating its obligation to make capital contributions at the end of the first phase, and in that case AMSO's commitment would be reduced to \$5.3 million.

Although, subject to certain exceptions, AMSO and Total are not obligated to make additional contributions beyond their respective shares (which for AMSO is \$10.0 million), they could dilute or forfeit their ownership interests in AMSO, LLC if they fail to contribute their respective shares for additional funding.

Total can increase AMSO's initial required funding commitment of \$10.0 million up to an additional \$8.75 million if Total wishes to continue to fund the pilot test up to an agreed upon commitment level.

At January 31, 2010, the Company's estimated maximum exposure to additional loss as a result of its required investment in AMSO, LLC was \$7.4 million. The Company's estimated maximum exposure to additional loss will increase as AMSO's commitment to fund AMSO, LLC increases. The estimated maximum exposure at January 31, 2010 was determined as follows:

	(in thousands)
AMSO's total committed investment in AMSO, LLC	\$10,000
Less: 20% of capital contributions to AMSO, LLC prior to March 2, 2009	(807 )
Less: cumulative capital contributions to AMSO, LLC on and after March 2, 2009	(1,818 )
EsEstimated maximum exposure to additional loss	\$7,375

AMSO's total committed investment in AMSO, LLC and its estimated maximum exposure to additional loss is subject to certain exceptions where the amounts could be greater. One exception is the additional funding that may be necessary to fund the pilot test as described above. The other significant exception is additional capital contributions that may be required to fund unexpected liabilities, in the event they occur, outside the purview of the traditional research, development and demonstration operations incorporated in AMSO, LLC's budgeting and planning. However, any additional capital contributions for such liabilities would have to be authorized by both AMSO and Total.

Summarized unaudited balance sheet data of AMSO, LLC is as follows:

January 31, 2010	July 31, 2009
(in thousands)	

## Assets

Cash and cash equivalents	\$2,231	\$2,088
Other current assets	369	451
Equipment, net	20	8
Other assets	433	—

Total assets	\$3,053	\$2,547
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## Liabilities and members' interests

Current liabilities	\$1,114	\$960
Other liabilities	194	—
Members' interests	1,745	1,587

Total liabilities and members' interests	\$3,053	\$2,547
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Summarized unaudited statement of operations data of AMSO, LLC is as follows:

	Three Months Ended January 31, 2010		Six Months Ended January 31, 2010	
	2009		2009	
	(in thousands)			
Revenues	\$—	\$—	\$—	\$—
Costs and expenses:				
Research and development	1,712	2,330	3,559	3,026
Total costs and expenses	1,712	2,330	3,559	3,026
Net loss	\$(1,712 )	\$(2,330 )	\$(3,559 )	\$(3,026 )

#### Note 7—Equity

Changes in the components of equity were as follows:

	Six Months Ended January 31, 2010		
	Attributable to IDT Corporation	Noncontrolling Interests (in thousands)	Total
Balance, July 31, 2009	\$ 176,294	\$ 3,148	\$ 179,442
Repurchases of common stock and Class B common stock through repurchase program	(1,723 )	—	(1,723 )
Distributions	—	(1,694 )	(1,694 )
CTM Spin-Off	(14,169 )	(1,617 )	(15,786 )
Stock based compensation	1,890	—	1,890
Comprehensive loss:			
Net income	228	34	262
Other comprehensive loss	(33 )	—	(33 )
Comprehensive income	195	34	229
Balance, January 31, 2010	\$ 162,487	\$ (129 )	\$ 162,358

On August 1, 2009, the Company adopted the accounting standard relating to noncontrolling interests in consolidated financial statements (see Note 15).

On October 21, 2009, upon the retirement of Mr. James A. Courter as the Company's Chief Executive Officer, Mr. Courter surrendered options to purchase an aggregate of 0.9 million shares of the Company's Class B common stock (which constituted all of such options held by Mr. Courter) and received a grant of 0.3 million restricted shares of the Company's Class B common stock. All of the restricted shares were vested on the date of grant. In the six months ended January 31, 2010, the Company recognized \$0.6 million of stock based compensation as a result of the grant of the restricted stock. Pursuant to a Warrant to Purchase Common Stock executed by the Company and Mr. Courter, for a period of five years from October 21, 2009, and subject to certain conditions, Mr. Courter will have the right to exchange 0.2 million of the shares of the Company's Class B common stock for the number of shares of

common stock of Genie Energy Corporation equal to 1% of the outstanding equity of Genie Energy Corporation as of October 21, 2009. Genie Energy Corporation was organized in August 2009 and will be comprised of IDT Energy and Alternative Energy (which consists of AMSO and the Company's interest in Israel Energy Initiatives, Ltd.).

On October 31, 2008, the Company entered into an Amended and Restated Employment Agreement with Mr. Howard S. Jonas, the Company's Chairman of the Board and as of October 22, 2009 the Company's Chief Executive Officer. Pursuant to this agreement (i) the term of Mr. Jonas' employment with the Company runs until December 31, 2013 and (ii) Mr. Jonas was granted 1.2 million restricted shares of the Company's Class B common stock and 0.9 million restricted shares of the Company's common stock in lieu of a cash base salary beginning January 1, 2009 through December 31, 2013. The restricted shares vest in different installments throughout the term of Mr. Jonas' employment as delineated in the agreement, and all of the restricted shares paid to Mr. Jonas under the agreement automatically vest in the event of (i) a change in control of the Company; (ii) Mr. Jonas' death; or (iii) if Mr. Jonas is terminated without cause or if he terminates his employment for good reason as defined in the agreement. A pro rata portion of the restricted shares will vest in the event of termination for cause. Total unrecognized compensation cost on the grant date was \$5.5 million. The unrecognized compensation cost is expected to be recognized over the vesting period from January 1, 2009 through December 31, 2013. The Company recognized compensation cost related to this agreement of \$0.2 million and \$0.4 million in the three and six months ended January 31, 2010, respectively, and \$0.1 million in the three and six months ended January 31, 2009.

On November 5, 2008, the Company amended Mr. Courter's employment agreement. Pursuant to the amendment, Mr. Courter was granted 0.4 million restricted shares of the Company's Class B common stock in lieu of a cash base salary from January 1, 2009 until October 21, 2009. The restricted shares vested on October 21, 2009, the last day of the term under the amended employment agreement. Total unrecognized compensation cost on the grant date was \$0.8 million. The Company recognized compensation cost related to this agreement of \$0.2 million in the three and six months ended January 31, 2010 and \$0.1 million in the three and six months ended January 31, 2009.

In June 2006, the Company's Board of Directors authorized a stock repurchase program for the repurchase of up to an aggregate of 8.3 million shares of the Company's Class B common stock and common stock, without regard to class. On December 17, 2008, the Company's Board of Directors increased the aggregate number of shares of the Company's Class B common stock and common stock, without regard to class, that the Company is authorized to repurchase under the stock repurchase program from the 3.3 million shares that remained available for repurchase to 8.3 million shares. In the six months ended January 31, 2010, the Company repurchased an aggregate of 0.2 million shares of Class B common stock and 0.5 million shares of common stock for an aggregate purchase price of \$1.7 million. In the six months ended January 31, 2009, the Company repurchased an aggregate of 1.4 million shares of Class B common stock and 1.0 million shares of common stock for an aggregate purchase price of \$5.1 million. As of January 31, 2010, 5.4 million shares remained available for repurchase under the stock repurchase program.

#### Note 8—Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) attributable to all classes of common stockholders of the Company by the weighted average number of shares of all classes of common stock outstanding during the applicable period. Diluted earnings per share is computed in the same manner as basic earnings per share, except that the number of shares is increased to include non-vested restricted stock and to assume exercise of potentially dilutive stock options using the treasury stock method, unless the effect of such increase is anti-dilutive.

The weighted-average number of shares used in the calculation of basic and diluted earnings per share attributable to the Company's common stockholders consists of the following:

	Three Months Ended January 31, 2010		Six Months Ended January 31, 2010	
	2009		2009	
	(in thousands)			
Basic weighted-average number of shares	20,563	22,872	20,377	23,596
Effect of dilutive securities:				
Non-vested restricted common stock	466	—	382	—
Non-vested restricted Class B common stock	424	—	268	—
Diluted weighted-average number of shares	21,453	22,872	21,027	23,596

The following securities have been excluded from the dilutive earnings per share computations because their inclusion would have been anti-dilutive:

	At January 31, 2010	
	2009	
	(in thousands)	
Stock options	883	2,101
Non-vested restricted common stock	—	883

Non-vested restricted Class B common stock	—	1,644
Total	883	4,628

For the three and six months ended January 31, 2010, outstanding stock options were not included in the diluted earnings per share because they were anti-dilutive, since the exercise prices of the stock options were greater than the average market price of the Company's stock during the periods. For the three and six months ended January 31, 2009, the diluted earnings per share equals basic earnings per share because the Company had losses from continuing operations and the impact of the assumed exercise of stock options and non-vested restricted stock would have been anti-dilutive.

## Note 9—Comprehensive Income (Loss)

The Company's comprehensive income (loss) consists of the following:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2010	2009	2010	2009
	(in thousands)			
Net income (loss)	\$3,919	\$(62,539 )	\$262	\$(100,161 )
Foreign currency translation adjustments	(1,235 )	(2,836 )	67	(14,065 )
Unrealized gains (loss) on available-for-sale securities	8	490	(100 )	2,998
Comprehensive income (loss)	2,692	(64,885 )	229	(111,228 )
Comprehensive (income) loss attributable to noncontrolling interests	(210 )	553	(34 )	917
Comprehensive income (loss) attributable to IDT Corporation	\$2,482	\$(64,332 )	\$195	\$(110,311 )

## Note 10—Impairments

The Company's impairments by business segment consist of the following:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2010	2009	2010	2009
	(in thousands)			
Telecom Platform Services	\$(28 )	\$13	\$—	\$13
All Other	—	8,787	(106 )	8,787
Total	\$(28 )	\$8,800	\$(106 )	\$8,800

The Company recorded aggregate impairment charges of \$8.8 million in the three and six months ended January 31, 2009 of which \$5.3 million related to Federal Communications Commission ("FCC") licenses and \$3.5 million related to other assets. IDT Spectrum, which is included in All Other, holds a significant number of FCC licenses for commercial fixed wireless spectrum. Certain events and circumstances in the three months ended January 31, 2009 indicated that these FCC licenses may be impaired. IDT Spectrum recorded impairment in the three months ended January 31, 2009 of \$5.3 million, which reduced the carrying value of its FCC licenses to zero. The Company estimated the fair value of these FCC licenses based on IDT Spectrum's continuing operating losses and projected losses for the foreseeable future. Also in the three months ended January 31, 2009, the Company recorded an impairment of \$3.5 million which reduced the carrying value of a building held for sale. The building was sold in June 2009.

## Note 11—Restructuring Charges

The Company's restructuring charges by business segment consist of the following:

	Three Months Ended January 31,	Six Months Ended January 31,
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	2010	2009	2010	2009
			(in thousands)	
Telecom Platform Services	\$638	\$4,670	\$578	\$3,890
IDT Energy	63	—	63	15
All Other	52	287	24	938
Corporate	879	1,013	1,004	2,341
Total	\$1,632	\$5,970	\$1,669	\$7,184

The restructuring charges in the three and six months ended January 31, 2010 and 2009 consisted primarily of severance related to a company-wide cost savings program and reduction in force. As of January 31, 2010, these programs resulted in the termination of approximately 1,590 employees since the third quarter of fiscal 2006. As of January 31, 2010, the Company had a total of approximately 1,170 employees, of which approximately 840 are located in the United States and approximately 330 are located at the Company's international operations. The Telecom Platform Services segment's restructuring charges in the six months ended January 31, 2009 are net of the reversal of accrued severance of \$2.6 million as a result of modifications to retention and severance agreements with certain employees. The restructuring charges in the six months ended January 31, 2009 also included costs for the shutdown or consolidation of certain facilities of \$0.4 million in Corporate and \$0.8 million in Telecom Platform Services.

The following table summarizes the changes in the reserve balances related to the Company's restructuring activities (substantially all of which relates to workforce reductions):

	Balance at July 31, 2009	Charged to Expense	Payments	Balance at January 31, 2010
			(in thousands)	
IDT Telecom	\$2,918	\$578	\$(2,419)	) \$1,077
IDT Energy	—	63	(63)	) —
All Other	16	24	(15)	) 25
Corporate	3,622	1,004	(1,702)	) 2,924
Total	\$6,556	\$1,669	\$(4,199)	) \$4,026

#### Note 12—Business Segment Information

The Company has the following four reportable business segments: Telecom Platform Services, Consumer Phone Services, IDT Energy and Alternative Energy. All other operating segments that are not reportable individually are included in All Other. Telecom Platform Services and Consumer Phone Services comprise the IDT Telecom division. IDT Energy and Alternative Energy comprise the Genie Energy division. The Company's reportable segments are distinguished by types of service, customers and methods used to provide their services. The operating results of these business segments are regularly reviewed by the Company's chief operating decision maker.

The Telecom Platform Services segment provides various telecommunications services including prepaid and rechargeable calling cards, a range of voice over Internet protocol, or VoIP, communications services and wholesale carrier services. The Consumer Phone Services segment provides consumer local and long distance services in the United States. The IDT Energy segment operates the Company's energy services company, or ESCO, in New York State. The Alternative Energy segment consists of AMSO, which holds and manages the Company's 50% interest in AMSO, LLC, the Company's U.S. oil shale initiative, and the Company's 89% interest in Israel Energy Initiatives, Ltd., the Company's Israeli alternative energy venture. All Other includes (1) Zedge, a worldwide destination for the discovery and distribution of mobile content, (2) certain real estate and (3) other smaller businesses. Corporate costs include certain services, such as corporate compensation, consulting fees, treasury and accounts payable, tax and accounting services, human resources and payroll, corporate purchasing, corporate governance including Board of Directors' fees, internal and external audit, investor relations, corporate insurance, corporate legal, business development, and other corporate-related general and administrative expenses including, among others, facilities costs, charitable contributions and travel, as well as depreciation expense on corporate assets. Corporate does not generate any revenues, nor does it incur any direct cost of revenues.

Alternative Energy, which was previously included in All Other, is a reportable business segment beginning in the first quarter of fiscal 2010. To the extent possible, comparative historical results have been reclassified and restated as if the fiscal 2010 business segment structure existed in all periods presented, although these results may not be indicative of the results which would have been achieved had the business segment structure been in effect during those periods.

The accounting policies of the segments are the same as the accounting policies of the Company as a whole. The Company evaluates the performance of its business segments based primarily on operating income (loss). IDT Telecom depreciation and amortization are allocated to Telecom Platform Services and Consumer Phone Services because the related assets are not tracked separately by segment. There are no other significant asymmetrical allocations to segments.



Operating results for the business segments of the Company are as follows:

(in thousands)	Telecom Platform Services	Consumer Phone Services	IDT Energy	Alternative Energy	All Other	Corporate	Total
Three Months Ended							
January 31, 2010							
Revenues	\$290,417	\$9,922	\$60,746	\$—	\$1,587	\$—	\$362,672
Operating income	137	3,152	11,780	(1,115 )	(2,354 )	(3,970 )	7,630
(loss)							
Impairments	(28 )	—	—	—	—	—	(28 )
Restructuring							
charges	638	—	63	—	52	879	1,632
Three Months Ended							
January 31, 2009							
Revenues	\$293,951	\$14,139	\$93,892	\$—	\$1,959	\$—	\$403,941
Operating (loss)	(6,059 )	6,136	16,440	(3,966 )	(11,407 )	(7,342 )	(6,198 )
income							
Impairments	13	—	—	—	8,787	—	8,800
Restructuring							
charges	4,670	—	—	—	287	1,013	5,970
Six Months Ended							
January 31, 2010							
Revenues	\$565,601						