

ATTACHMENT II

MAGICJACK SMB, INC.

Financial Statements

The financial statements are submitted separately with a request for confidential treatment.

INCOME STATEMENT

Operating revenues
 Cost of revenues
 Gross margin

Operating Expenses:
 Advertising and marketing
 General and administrative
 Research and development
 Total operating expenses

Income (loss) from operations

Other income (expense):
 Interest and dividend income
 Total other income (expense)

Loss before income taxes

Income taxes

Net loss

| FY2016 | |
|-------------------------------|---------------|
| Operating revenues | \$ [REDACTED] |
| Cost of revenues | [REDACTED] |
| Gross margin | [REDACTED] |
| Operating Expenses: | |
| Advertising and marketing | [REDACTED] |
| General and administrative | [REDACTED] |
| Research and development | [REDACTED] |
| Total operating expenses | [REDACTED] |
| Income (loss) from operations | [REDACTED] |
| Other income (expense): | |
| Interest and dividend income | [REDACTED] |
| Total other income (expense) | [REDACTED] |
| Loss before income taxes | [REDACTED] |
| Income taxes | - |
| Net loss | \$ [REDACTED] |

BALANCE SHEET

Current Assets
 Cash and cash equivalents
 [REDACTED]
 Prepays
 Other current assets
 Deferred costs
 Total Current Assets

Property and equipment, net
 Long-term deposits

Total Assets

Current Liabilities
 Accounts payable
 Deferred revenue, current
 Accrued expenses and other-current liabilities
 Accrued bonuses
 Current portion of long-term debt
 Total current liabilities

Intercompany payable
 Total Liabilities

Common stock
 Current Retained Earnings (Deficit)
 Total Capital deficit

Total Liabilities and capital deficit

| 31-Dec-16 | |
|--|---------------|
| Cash and cash equivalents | [REDACTED] |
| [REDACTED] | [REDACTED] |
| Prepays | [REDACTED] |
| Other current assets | [REDACTED] |
| Deferred costs | [REDACTED] |
| Total Current Assets | [REDACTED] |
| Property and equipment, net | [REDACTED] |
| Long-term deposits | [REDACTED] |
| Total Assets | \$ [REDACTED] |
| Current Liabilities | |
| Accounts payable | [REDACTED] |
| Deferred revenue, current | [REDACTED] |
| Accrued expenses and other-current liabilities | [REDACTED] |
| Accrued bonuses | [REDACTED] |
| Current portion of long-term debt | - |
| Total current liabilities | [REDACTED] |
| Intercompany payable | [REDACTED] |
| Total Liabilities | [REDACTED] |
| Common stock | [REDACTED] |
| Current Retained Earnings (Deficit) | [REDACTED] |
| Total Capital deficit | [REDACTED] |
| Total Liabilities and capital deficit | \$ [REDACTED] |