

## GlobalRoam Group Limited Half-Year (HY) 2009 Results

April 2009

**HY2009 Results.** GlobalRoam reported HY2009 revenue of S\$0.316m (-47% yoy) and net loss of S\$1.699m (+98% yoy). At the same time, net loss margin worsened from -144.4 percent to -537.7 percent. Revenue decreased because it terminated sales to smaller customers and focused on sales to major telecommunications companies for its products, cMask and gCross. Currently, gCross has been launched with StarHub in Singapore and Advanced Info Service Company (AIS) in Thailand while cMask will be launched with a major telecommunications company in Singapore. As sales for AIS only began in March 2009 and contribution from cMask is expected only from 3Q 2009, there was a decrease in sales from FY2008.

Exhibit 1: Revenue and loss after tax (S\$'000)

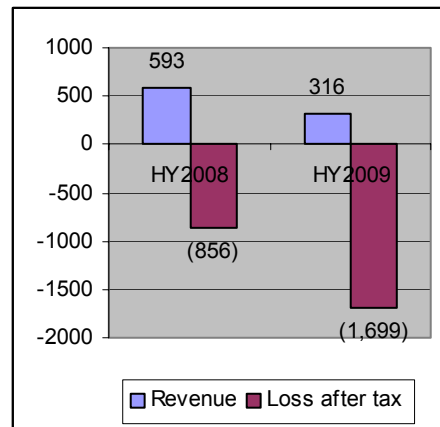
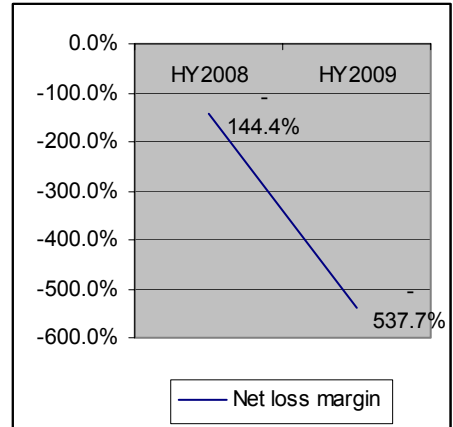


Exhibit 2: Net loss margin



Source: Company, Phillip Securities Research

Net loss was also higher for several reasons. Firstly, sales were lower by 47 percent. Secondly, staff costs rose as expenses were recognised for the issue of shares to employees, which was pursuant to the GlobalRoam Performance Share Plan 2008. Thirdly, there were higher amortisation expenses due to the completion of development projects. Fourthly, there was a provision of S\$360,000 arising from a claim by a customer. Moreover, other gains and losses of S\$6,000 was lower due to lower exchange gains compared to HY2008. Furthermore, there was higher imputed interest expense of S\$130,464 related to the interest free loan from MediaRing Ltd.

**Issue shares to AMIC Holdings.** In February 2009, GlobalRoam issued 670,732 shares to AMIC Holdings Pte Ltd for professional services rendered for the loan agreement with MediaRing Ltd.

**Granted patent.** GlobalRoam had been granted the patent for the core engine in cMask and gCross, "System and Method for Providing a Service" in Australia and USA on 12 and 17 February 2009 respectively. Besides Australia and USA, it had also been granted the patent in Singapore and India in 2008.

### Recommendation:

**Not Rated**

Previous call: Not Rated

### Price

Previous close **S\$0.145**  
Fair value **na**  
Share price return **na**

### Share Statistics

Shares 54.1m  
Market Cap. S\$7.9m  
Trailing PER na  
Forward PER na  
P/BV 18.8x  
52-week Price Range -  
52-week PER Range -  
Listing Bourse PSPL OTC  
1. Tan Kum Wah Clarence (30.2%)  
Major Shareholders 2. Tembusu Growth Fund Ltd (26.1%)

### Company Profile

GlobalRoam Group Ltd is a roaming services provider that offers three major technology services, gNum, gCross and cMask.

### Analyst

**Alfred Low**  
☎ +65-6531 1793  
FAX +65-6536 4435  
✉ alfredlowjh@phillip.com.sg  
Web www.phillipresearch.com

**Exhibit 3: Financial Summary**

	<b>HY2008</b>	<b>HY2009</b>	<b>% ch</b>	<b>2007</b>	<b>2008</b>
Revenue (S\$ '000)	593	316	(47)	1,883	1,008
Other income (S\$ '000)	2	53	2,550	21	25
Total costs and expenses (S\$ '000)	(1,451)	(2,039)	41	(3,762)	(3,606)
Share of results of an associate	0	(29)	Na		
Loss before income tax (S\$'000)	(856)	(1,699)	98	(1,858)	(2,573)
Income tax (S\$ '000)	0	0	Na	(21)	0
Loss After Tax (S\$ '000)	(856)	(1,699)	98	(1,879)	(2,573)
Loss per share (S\$)	(0.0176)	(0.0318)	80	(0.0387)	(0.0513)
Net Loss Margin (%)	(144.4)	(537.7)	(393.3)	(99.8)	(255.3)

Source: Company, Phillip Securities Research

# Financials

Profit & Loss statement (S\$ '000)	2007	2008	HY2009
Revenue	1,883	1,008	316
Other income	21	25	53
Staff cost	(1,014)	(1,374)	(756)
Infrastructure cost	(973)	(292)	(113)
Depreciation of plant and equipment	(253)	(233)	(126)
Amortisation of intangible assets	(171)	(325)	(134)
Marketing expenses	(95)	(204)	(75)
Cost of equipment sold	(133)	(48)	(15)
Other operating expenses	(1,070)	(1,055)	(687)
Other gains and losses	(51)	36	6
Finance cost	(2)	(111)	(139)
Total costs and expenses	(3,762)	(3,606)	(2,039)
Share of results of an associate	0	0	(29)
Loss before income tax	(1,858)	(2,573)	(1,699)
Income tax	(21)	0	0
Loss after tax	(1,879)	(2,573)	(1,699)

Growth & margins (%)	2007	2008	HY2009
Revenue growth	na	(46.5)	(46.7)
Net loss growth	na	36.9	98.5
Net loss margin	(99.8)	(255.3)	(537.7)

Cash flow statement (S\$ '000)	2007	2008	HY2009
Loss before income tax	(1,857)	(2,573)	(1,699)
Adjustments	997	939	492
Operating loss before working capital changes	(860)	(1,634)	(1,207)
Changes in inventories	(149)	25	0
Changes in trade and other receivables	(33)	(227)	363
Changes in trade and other payables	487	(530)	409
Changes in deferred income	18	(7)	0
Interest paid	(2)	(2)	(9)
Interest received	0	0	4
Net cash from operating activities	(539)	(2,375)	(440)
Net cash from investing activities	(547)	(493)	(588)
Net cash from financing activities	649	3,852	960
Net change in cash and cash equivalents	(437)	984	(68)
Cash at beginning of the year	462	25	1,009
Cash at end of the year	25	1,009	941
Bank deposit pledged	0	1,000	0

Balance sheet (S\$ '000)	2007	2008	HY2009
<b>Current assets</b>			
Cash and cash equivalents	25	2,009	941
Trade and other receivables	1,071	1,038	674
Inventories	170	0	0
Total current assets	1,266	3,047	1,615

<b>Non-current assets</b>			
Plant and equipment	488	583	1,034
Investment in associate	0	0	216
Intangible assets	2,804	2,777	2,855
Total non-current assets	3,292	3,360	4,105
Total assets	4,558	6,407	5,720

<b>Current liabilities</b>			
Trade and other payables	1,617	657	764
Deferred income	18	11	10
Borrowings	48	30	240
Due to related parties	0	0	4
Due to shareholders	1,932	0	0
Total current liabilities	3,615	698	1,018

<b>Non-current liabilities</b>			
Borrowings	0	3,921	4,287
Total non-current liabilities	0	3,921	4,287
Total liabilities	3,615	4,619	5,305

<b>Equity</b>			
Share capital	2,761	4,693	5,007
Other reserves	150	1,636	1,648
Accumulated losses	(1,968)	(4,541)	(6,240)
Total equity	943	1,788	415
Total liabilities and equity	4,558	6,407	5,720

Key Ratios	2007	2008	HY2009
ROE (%)	(99.8)	(188.4)	(676.9)
ROA (%)	(38.5)	(46.9)	(33.0)
Receivables days	211.5	381.8	1,062.7
Net debt/equity	0.0	1.1	8.6
Interest cover - EBIT (X)	(928.0)	(22.2)	(11.2)

Valuation	2007	2008	HY2009
P/E basic (X)	na	na	na
P/B (X)	7.5	4.3	18.8

Source: Company, Phillip Securities Research

## Ratings History

GlobalRoam Group Limited

Rating	Date	Closing price (S\$)	Fair value (S\$)	Remarks
Not rated	April 2009	0.145	-	Results
Not rated	12 December 2008	0.22	-	Results
Not rated	8 August 2008	0.25	-	Initiation report

<b>Phillip Research Stock Selection Systems</b>	BUY	>15% upside from the current price
	HOLD	Trade within $\pm$ 15% from the current price
	SELL	>15% downside from the current price
	We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation	

This publication is prepared by Phillip Securities Research Pte Ltd ("Phillip Securities Research"). By receiving or reading this publication, you agree to be bound by the terms and limitations set out below.

This publication shall not be reproduced in whole or in part, distributed or published by you for any purpose. Phillip Securities Research shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

The information contained in this publication has been obtained from public sources which Phillip Securities Research has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the "Research") contained in this publication are based on such information and are expressions of belief only. Phillip Securities Research has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this publication is subject to change, and Phillip Securities Research shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will Phillip Securities Research be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

### **Non-applicability of Section 27 of the Financial Advisers Act (Cap. 110) of Singapore and the MAS Notice on Recommendations on Investment Products**

Section 27 of the Financial Advisers Act (Cap. 110) of Singapore and the MAS Notice on Recommendations on Investment Products (FAA-N01) do not apply in respect of this publication.

This material is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this material may not be suitable for all investors and a person receiving or reading this material should seek advice from a financial adviser regarding the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This publication should not be relied upon as authoritative without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction nor a representation that any product described in this material is suitable or appropriate for the recipient. Recipients should be aware that many of the products which may be described in this publication involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in this research should take into account existing public information, including any registered prospectus in respect of such security.

### **Disclosure of Interest**

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), corporate banking or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, may have participated in or invested in financing transactions with the issuer(s) of the securities mentioned in this publication, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, may have provided significant advice or investment services to such companies and investments or related investments as may be mentioned in this publication.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, may at any time engage in any of the above activities as set out above or otherwise hold a material interest in respect of companies and investments or related investments which may be mentioned in this publication. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, which is not reflected in this material, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this material.

### **Availability**

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

© 2006 Phillip Securities Research Private Limited

## Regional Member Companies

<p><b>SINGAPORE</b></p>	<p><b>Phillip Securities Pte Ltd</b>  Raffles City Tower  250, North Bridge Road #06-00  Singapore 179101  Tel : (65) 6533 6001  Fax : (65) 6535 6631  Website : <a href="http://www.poems.com.sg">www.poems.com.sg</a></p>
<p><b>HONG KONG</b></p>	<p><b>Phillip Securities (HK) Ltd</b>  11/F United Centre  95 Queensway, Hong Kong  Tel : (852) 2277 6600  Fax : (852) 2868 5307  Website : <a href="http://www.poems.com.hk">www.poems.com.hk</a></p>
<p><b>THAILAND</b></p>	<p><b>Phillip Securities (Thailand) Public Co Ltd</b>  15/F, Vorawat Building  849 Silom Road  Bangkok Thailand 10500  Tel : (622) 635 7100  Fax : (622) 635 1616  Website : <a href="http://www.poems.in.th">www.poems.in.th</a></p>
<p><b>MALAYSIA</b></p>	<p><b>Phillip Capital Management Sdn Bhd</b>  B-2-6 Megan Avenue II  12 Jalan Yap Kwan Seng  50450 Kuala Lumpur  Tel : (603) 2166 8099  Fax : (603) 2166 5099  Website : <a href="http://www.poems.com.my">www.poems.com.my</a></p>
<p><b>CHINA</b></p>	<p><b>Phillip Financial Advisory (Shanghai) Co. Ltd</b>  No 550 Yan An East Road,  Ocean Tower Unit 2318,  Postal code 200001  Tel: (86-21) 51699200  Fax: (86-21) 63512940  Website: <a href="http://www.phillip.com.cn">www.phillip.com.cn</a></p>
<p><b>JAPAN</b></p>	<p><b>PhillipCapital Japan K.K.</b>  Nagata-cho Bldg.,  8F, 2-4-3 Nagata-cho,  Chiyoda-ku, Tokyo  Tel : (81) 03 3666 2101  Fax : (81) 03 3664 0141  Website : <a href="http://www.phillip.co.jp">www.phillip.co.jp</a></p>
<p><b>UNITED KINGDOM</b></p>	<p><b>King &amp; Shaxson Ltd</b>  6<sup>th</sup> Floor, Candlewick House  120 Cannon Street  London EC4N 6AS  Tel : (44) 207 426 5950  Fax : (44) 207 626 1757  Website : <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a></p>