

ICO Global Communications (Holdings) LTD

Form 10-Q

August 17, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2009

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-33008

ICO GLOBAL COMMUNICATIONS
(HOLDINGS) LIMITED

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of

98-0221142
(IRS Employer Identification No.)

incorporation or organization)

Plaza America Tower I, 11700 Plaza America Drive, Suite 1010, Reston, Virginia 20190

(Address of principal executive offices including zip code)

(703) 964-1400

(Registrant's telephone number, including area code)

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

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

Accelerated filer

Non-accelerated filer
(Do not check if a smaller
reporting company)

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 August 3, 2009, the registrant had 154,570,700 shares of Class A common stock and 53,660,000 shares of Class B common stock outstanding.

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ICO GLOBAL COMMUNICATIONS (HOLDINGS) LIMITED

FORM 10-Q

For the three and six months ended June 30, 2009

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****ICO Global Communications (Holdings) Limited****(A Development Stage Enterprise)****Condensed Consolidated Balance Sheets****(In thousands, except share data, unaudited)**

	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,342	\$ 29,261
Investments available-for-sale securities		5,961
Prepaid expenses and other current assets	1,063	8,890
Total current assets	12,405	44,112
Property in service net of accumulated depreciation of \$260 and \$953, respectively	470	1,059
Satellite system under construction		544,514
Investments available-for-sale securities		29,214
Investments trading securities		34,210
Debt issuance costs net of accumulated amortization of \$24,225		5,333
Other assets	440	5,522
Investment in DBSD	23,650	
Total	\$ 36,965	\$ 663,964
LIABILITIES AND STOCKHOLDERS DEFICIENCY IN ASSETS		
Current liabilities:		
Accounts payable	\$ 426	\$ 556
Accrued satellite system construction payable		8,973
Accrued expenses	18,750	21,503
Deferred satellite performance incentives		1,680
Payable to affiliates	1,140	
Accrued interest	19,617	39,171
Working capital facility		43,722
Convertible debt net of discount of \$5,824		700,488
Current portion of capital lease obligations	17,746	15,624
Total current liabilities	57,679	831,717
Capital lease obligations, less current portion		1,296
Income tax	12,023	11,058
Deferred satellite performance incentives		9,204
Other		3,200
Total liabilities	69,702	856,475

Commitments and contingencies (Note 9)

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Stockholders' deficiency in assets:		
Preferred stock, \$.01 par value, 75,000,000 shares authorized, no shares issued or outstanding		
Class A common stock, \$.01 par value, 900,000,000 shares authorized, 212,692,016 and 212,005,449 shares issued, and 154,580,452 and 154,006,103 shares outstanding	2,127	2,120
Class B convertible common stock, \$.01 par value, 150,000,000 shares authorized, 84,663,382 shares issued and 53,660,000 shares outstanding	847	847
Additional paid-in capital	2,754,771	2,790,967
Treasury stock, 58,111,564 and 57,999,346 shares of Class A common stock and 31,003,382 shares of Class B convertible common stock	(877,625)	(877,545)
Accumulated other comprehensive income (loss)	(6,238)	6,695
Deficit accumulated during the development stage	(1,906,619)	(2,115,595)
Total stockholders' deficiency in assets	(32,737)	(192,511)
 Total	 \$ 36,965	 \$ 663,964

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**ICO Global Communications (Holdings) Limited****(A Development Stage Enterprise)****Condensed Consolidated Statements of Operations****(In thousands, except share and per share data, unaudited)**

	Three months ended June 30,		Six months ended June 30,		February 9, 2000 (inception) to June 30, 2009 (development stage period)
	2009	2008	2009	2008	
Operating expenses:					
General and administrative	\$ 12,657	\$ 12,755	\$ 29,671	\$ 30,042	\$ 703,701
Research and development	95	639	1,639	2,245	83,787
Contract settlements					(74,955)
Impairment of property under construction					1,438,304
Loss on disposal of assets					11,117
Total operating expenses	12,752	13,394	31,310	32,287	2,161,954
Operating loss	(12,752)	(13,394)	(31,310)	(32,287)	(2,161,954)
Interest income	121	970	542	2,763	138,266
Interest expense	(12,464)	(10,071)	(34,787)	(19,313)	(265,597)
Gain on deconsolidation of DBSD	281,445		281,445		281,445
Other expense	(1,024)	(6,916)	(6,393)	(10,759)	(5,105)
Income (loss) before income taxes	255,326	(29,411)	209,497	(59,596)	(2,012,945)
Income tax benefit (expense)	(231)	(247)	(521)	(780)	116,058
Net income (loss) before cumulative effect of change in accounting principle	255,095	(29,658)	208,976	(60,376)	(1,896,887)
Cumulative effect of change in accounting principle					(1,944)
Net income (loss)	\$ 255,095	\$ (29,658)	\$ 208,976	\$ (60,376)	\$ (1,898,831)
Basic and diluted income (loss) per share:					
Income (loss) before cumulative effect of change in accounting principle	\$ 1.23	\$ (0.15)	\$ 1.01	\$ (0.30)	\$ (9.72)
Cumulative effect of change in accounting principle					(0.01)
Basic and diluted income (loss) per share	\$ 1.23	\$ (0.15)	\$ 1.01	\$ (0.30)	\$ (9.73)
Weighted average shares outstanding used to compute basic and diluted income (loss) per share	207,874,061	200,579,873	207,657,762	199,502,031	195,097,190

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ICO Global Communications (Holdings) Limited

(A Development Stage Enterprise)

Condensed Consolidated Statements of Comprehensive Loss

(In thousands, unaudited)

	Three months ended June 30,		Six months ended June 30,		February 9, 2000 (inception) to June 30, 2009 (development stage period)
	2009	2008	2009	2008	
Net income (loss)	\$ 255,095	\$ (29,658)	\$ 208,976	\$ (60,376)	\$ (1,898,831)
Other comprehensive loss:					
Cumulative translation adjustments	(14,522)	(324)	(12,932)	(1,441)	(6,238)
Comprehensive income (loss)	\$ 240,573	\$ (29,982)	\$ 196,044	\$ (61,817)	\$ (1,905,069)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ICO Global Communications (Holdings) Limited

(A Development Stage Enterprise)

Condensed Consolidated Statements of Cash Flows

(In thousands, unaudited)

	Six months ended June 30,		February 9, 2000 (inception) to June 30, 2009 (development stage period)
	2009	2008	
Operating activities:			
Net income (loss)	\$ 208,976	\$ (60,376)	\$ (1,898,831)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Stock-based compensation	3,685	4,548	45,132
Depreciation	181	269	4,433
Non-cash interest expense	7,374	8,418	54,638
Non-cash settlement of litigation matter			