

IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review



Week of 13 March - 19 March 2005

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International

Mobile/Wireless

- **The global mobile industry remains a highly profitable business especially with services that revolve around phone personalization, according to a report.** In order to continue tapping the profitability of the industry, Deloitte Touche Tohmatsu advises mobile operators to focus on exploring revenue opportunities that come in the forms of simple yet useful value-added services to customers rather than sophisticated offerings. The report said penetration rates in the industry would exceed 100 percent in some markets this year. The global ringtone market is estimated by Deloitte as now worth more than US\$2 billion. Wallpapers and screensavers offering self-expression to handset owners still offer high profits. Short messaging services would continue to outshine multimedia products. Text-based puzzles, like crosswords, anagrams and the like, are expected to outsell complex console-style games. The report mentioned China as the world's biggest mobile market by subscriber, with 1.1 billion text messages generated during the 10-day Chinese New Year holiday last month alone. The report said advertisers would tend to embed advertising in video games by way of product placements, hypertext links in web-based content or web browsers.

Software

- **Industry experts see software that brings about integrated communications as allowing for greater communications between various fixed-line and mobile Internet environments used by businesses and consumers.** The market report of International Data Corp (IDC) talks of this year as "the year of convergence", with a worldwide demand for unified messaging applications. Systems that unite e-mail, fax and voice messages in one mailbox and accessible by a personal computer, browser or telephone are expected to have achieved significant growth by 2008. This convergence is highlighted in the area of collaboration software, with Microsoft involved in the integrated communications initiative described by the software giant as "presence awareness" into all its software applications. Microsoft is integrating various modes of real-time communication such as e-mail, phone, instant messaging, short messaging, video-conferencing and web conferencing. This development in Microsoft Office is making an impact on the market, according to research firm Gartner.

Media, Entertainment and Gaming

- **A report of U.S. market researcher iSuppli Corp. predicts total MP3 player shipments to reach 132 million units in 2009, with a 2004-2009 CAGR of 29.1 percent from 36.8 million units in 2004.** The market research group sees MP3 player shipments reaching 57.7 million in 2005, a 57 percent growth from last year. This growth in the global shipments of MP3 players by nearly a factor of four from 2004 to 2009 is said to be caused by increasing demand for hard-disk drive products, according to the group. The market for semiconductors used in MP3 players is expected to expand to US\$1 billion in 2009, posting a 27.4 percent growth from US\$319 billion in 2004, iSuppli said. Korean manufacturers, on record, are some of the top performers, with companies like Reigncom, Samsung Electronics Co. and LG Electronics Inc. attempting to boost their position in the global music market. According to industry figures, products by Korean MP3 manufacturers made up about 20 percent of the global market last year. The figures posted by Korean firms dropped from 33 percent in 2003 and 41 percent in 2002 amidst the rise of hard-disk products coming from U.S. companies such as Apple Computer and Creative Technology Ltd. About 50 percent of the MP3 player market last year is believed to be controlled by Apple Computer.

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Japan

Internet

- **GMO Payment Gateway Inc., a company which offers credit card settlement for shops on e-commerce sites, announced that it would go public on the Tokyo Stock Exchange's Mothers market next month.** About 7,000 stores are utilizing the firm's services, which include credit screening, payment demand, checking of receipt of money, etc. GMO Payment gets about 90 percent of its revenues from store management fees and settlement commissions. The company expects more than 270 million yen (US\$2.5 million) in parent-only pretax profit in the year through September, a 42 percent year-on-year growth. The company plans to use funds that it will generate from the public offering mainly for investment in personal information protection and other systems. Studies show that credit cards account for half of the settlement methods of e-commerce.

Telecommunications

- **KDDI announced an increase in its dividend payout plans, from 2,400 yen (US\$23) to 3,500 yen (US\$33.4).** The second-largest telecommunications company in Japan cited the continued strength of its earnings and the reduction of its interest-bearing debt as the key reasons for the increase. KDDI, with this move, joins a number of Japanese companies announcing increases in its planned dividends.

Media, Entertainment and Gaming

- **With Livedoor Co. and Fuji Television Network Inc. securing an overwhelming combined stake in Nippon Broadcasting System Inc., there is a stronger possibility that the radio broadcaster will be delisted.** Under the rules of TSE, a firm is delisted after a one-year grace period where the combined interest of the top 10 shareholders, the directors and the company itself exceeds 80 percent of the outstanding shares. To block the delisting, Livedoor may let Nippon Broadcasting issue new shares or find other means to increase the number of shareholders. A source at Livedoor said the company does not intend to see Nippon Broadcasting delisted.

Hardware

- **Daifuku Co. is predicting a group net profit of 5 billion yen (US\$47.7 million) a figure three times bigger than the previous year's figure and surpassing an earlier forecast of 2 billion yen (US\$19 million).** Consolidated sales, according to the company, are expected to reach 165 billion yen (US\$1.5 billion), a 19 percent increase from a year earlier. The revision made by the company is attributed to the brisk sales of electronic components, which include computer boards and devices for liquid crystal and semiconductor.
- **Dell Japan Inc. is seeking to attain a high rank in the blade server market by the end of the year through lowered prices and enhanced functions of its models.** A blade server is made by mounting major components, such as a CPU and memory chip, on a blade-like board and then storing such blades in a box shaped like a bookshelf. A blade server is able to consolidate and manage plural in-house servers. Dell Japan, which is the local unit of U.S.-based Dell Inc., has been marketing blade servers since 2002 but its domestic share stands at only several percent. The company said it will lower the price of its blade server by 18 percent to 41,000yen (US\$391.3).

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- **Konica Minolta Holdings Inc. is slashing its annual profit forecast by 72 percent, pointing to the delay in the release of its new copiers and falling camera prices as the reason for the move.** Net income is expected to decline to 7 billion yen (US\$67.2 million) for the year ending March 31, from 19.3 billion yen (US\$184.2 million) a year earlier. The company, which was set up after Konica Corp. and Minolta Co. merged in August 2003, is competing against Canon Inc. and Xerox Corp. for office equipment orders as users replace older monochrome copiers and printers with color models. Konica had earlier forecasted a 25 billion yen (US\$238.6 million) profit.
- **NEC Corp. said it has plans to make investments that will bolster its LCD panel business.** This investment plan includes a 30 billion yen (US\$285 million) at a Chinese joint venture and a 10 billion yen (US\$95 million) at a domestic subsidiary. NEC plans to increase output of large LCDs at Shanghai SVA NEC Liquid Crystal Display Co., a joint venture with China's SVA (Group) Co, where the Chinese partner holds a 75 percent stake and the Japanese the remainder. At home, NEC plans to being production of advanced LCD panels at wholly owned subsidiary NEC LCD Technologies Ltd. NEC's global market share in large LCD panels is less than 1 percent for large panels and 2 percent or lower for small and midsize panels in 2004.

Korea

Mobile/Wireless

- **KT Freetel Co. released a Bluetooth-enabled phone that gives customers usage of both fixed-line and wireless telephony services, and provides video-on demand and digital music capabilities.** The device was developed by Korea's second-largest mobile phone carrier with LG Electronics. Subscribers can access fixed-line networks over the mobile phone within 10 to 20 meters of an installed access point, or through a transceiver connecting wireless device to wired infrastructure. The handset is priced at 583,000 won (US\$580). KT was granted a license by the Ministry of Information and Communication last year to provide Bluetooth-based "one-phone" telephony services that connect fixed-line and mobile calls. The company controls about 94 percent of the local fixed-line traffic.
- **LG Electronics Inc. announced its target of selling 70 million handsets this year as it points to European 3G markets as the source of its projected growth.** The company said that this year it has set a sales goal of 20 million phones in Europe, a target that would take about 10 percent of the regional market and help it strengthen its fast start last year in WCDMA handsets. LG Electronics, considered to be the world's fastest growing mobile-phone maker, has 6.5 percent market share of the global mobile phone. It expects the world market for 3G WCDMA phones reaching 50 million units in 2005, with LG accounting for 10 million of these. The global mobile phone market is seen to reach 730 million units this year from 650 million in 2004.

Semiconductors

- **The World Trade Organization (WTO) has dismissed European Union claims that Hynix Semiconductor, South Korea's microchip giant, was provided an illegal subsidy by the Korean government.** Hynix had complaint that the EU had imposed unfair tariffs on its products mainly because Hynix was rescued from near bankruptcy by way of a bailout arranged by Korean creditor banks. As some of these banks were controlled by the European government, the EU considered the rescue package as the equivalent of illegal state subsidies. Hynix said that the government did not have

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any hand in the bailout, which the company claims was made purely on commercial basis. Hynix, the world's fourth-largest memory chip-maker, is facing a similar trade dispute with Japan.

China

Internet

- **China Telecom secured a license from the Ministry of Culture to operate Internet cafes nationwide.** China Telecom is the sixth operator to receive a license. Mainland media said that China Telecom was given licenses to operate Internet cafes in 26 provinces, out of 31, in China. Analysts say that the granting of nationwide licenses to larger operators could bring about the acquisition of smaller firms thereby reducing the number of operators. The smaller number of operators would give the government, in a sense, a higher degree of control over its development. According to the report, China's booming online games industry, which registered a 48 percent growth to 2.4 billion yuan (US\$290 million), in 2004, is a major source of profit for the Internet cafes that often provide the only access to computers for the 20 million online game players on the mainland.
- **SS8 Networks announced the opening of a new research and development center in Nanjing, China aimed at addressing the growing trend of converged networks of TDM and Voice over the Internet (VoIP).** The development comes as Asian telecom operators such as China Telecom, China Mobile and China Unicom have begun focusing on the trend toward converged networks and communications. SS8 Networks, headquartered in California, is leading provider of IP messaging systems and lawful intercept solutions for the global telecommunications industry. Its new R&D center in Nanjing is seen as empowering service providers that will answer the growing needs for the important China and nearby Asian markets.
- **Online job recruitment company 51jobs posted revenues for the fourth quarter of US\$14.5 million, 11 percent down from its third quarter revenues of US\$16.3 million.** The firm's net income also went down 51.6 percent to US\$1.5 million in its fourth quarter results from the US\$3.1 million reported in the third quarter. Of particular interest are the online recruitment service revenues of the firm, which went down 14.3 percent in the fourth quarter to US\$3.6 million from US\$4.2 million in the third quarter.
- **Vesta Corporation and ChinaDotMan have entered into an alliance for the purpose of developing the Chinese virtual payments businesses.** The alliance comes in the form of an equity investment by Vesta in ChinaDotMan. Established in 2000, ChinaDotMan Company Ltd is a software developer and data communications sectors. ChinaDotMan has introduced an e-ticketing service that provides mobile users the ability to look over and book air tickets in real time by means of their handsets. China has many competing online payment services from companies that include Alibaba, eBay, and Smartpay.
- **Google is expanding in the mainland market with the Internet search giant's unveiling of a beta version of its desktop search application.** The application uses simplified Chinese characters. The company also released beta versions for traditional Chinese characters and the Korean language. Google accounts for about 30 percent of the search inquiries in the mainland but, according to a report, derives little revenue from China's Internet search advertising market. The company, however, owns a small stake in Baidu, which accounts for 48 percent of search inquiries. Baidu is also said to be

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preparing a NASDAQ listing. Web advertising in China is expected to generate US\$277 million in sales next year, and analysts say Google could increase its stake in Baidu. It could put up as well sales its own operations in China.

- **China's largest instant message provider Tencent posted US\$133 million in revenues and US\$54 million in profit for 2004.** For the fourth quarter, the firm said it earned US\$38 million, a 4.3 percent growth on its revenues of US\$36.6 million for the third quarter. Its fourth quarter net income registered a 9.3 percent rise to US\$14.2 million from US\$13 million in the third quarter.

Mobile/Wireless

- **Hurray! Holding Co., Ltd., a firm which provides advanced wireless value-added services and mobile telecommunication network software in China, announced the signing of agreements with three record companies: Warner Music, EMI and Ocean Butterflies Music.** With the agreement, Hurray! will have the capacity to use music from the libraries of all three companies for its Color Ring Back Tone (CRBT) services. The agreement will also allow Hurray! to offer the music from Warner Music and Ocean Butterflies Music through its Interactive Voice Response (IVR) services. Hurray! provides wireless value-added services such as ringtones, picture downloads, community and entertainment services to mobile users in China and is one of the market leaders in providing these services using wireless application protocol.
- **TOM Online, a leading wireless Internet company in China, announced its financial results for the full year ended December 31, 2004, posting total revenues for fiscal 2004 of US\$122.7 million, a 59 percent growth from US\$77.1 million in fiscal 2003.** The company reported gross profit rising to US\$58 million. Revenues from wireless Internet services went up to US\$112.9 million for the year, a figure which represents a 102 percent growth from 2003. Revenues from voice services grew to US\$29 million, a 290 percent growth from the US\$2.1 million in the previous year. For its 2.5G products, the company's revenues were US\$28.9 million. Advertising revenues rose to US\$7.6 million in 2004, a 30 percent growth from US\$5.8 million in 2003. TOM Online operates one of the most successful Internet portals in China and is a subsidiary of TOM Group Limited.
- **China Unicom and China Post announced the signing of an agreement on joint development of the 'Uni Video' visual information service in Beijing.** The agreement will allow the two companies to use the extensive network of service outlets of China Post in a joint expansion of the coverage of the Uni Video visual information service. The partners plan to launch the service at China Post outlets, which will enable users to speak face-to-face with others over the videophones at service halls in China Post. Under the agreement, China Post will sell videophone cards at its service outlets around China and promote Uni Video visual information service through its postal channels and at postal outlets around the country.

Telecommunications

- **China Netcom Group was reported to be exploring new international ventures with PCCW, Hong Kong's dominant fixed-line carrier.** The exploration is part of the alliance that Netcom has entered into with PCCW. In another development, independent shareholders of PCCW approved the bid by China Network Communications Group to buy 20 percent of the local fixed-line operator's enlarged issued share capital for HK\$7.9 billion (US\$1 billion).

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Semiconductors

- **CSMC Technologies, a contract chipmaker, announced earnings nearly triple of what it got last year.** The firm reported a net profit that rose to US\$11.3 million in 2004, up from US\$4 million in 2003. Revenue for the year was US\$79.9 million, up from US\$42.1 million in 2003. Much of the company's growth was ascribed to the massive increase in its production capacity. Analysts, however, say that this performance would be difficult to duplicate as the company faces a low demand in a softer market and as its expansion slows down.

Media, Entertainment and Gaming

- **Media reports note the boom in advertising in China, with the growth rate of China's advertising market being placed at 40 percent a year, according to AC Nielson.** While European and Asian newspapers are reported to be wrestling with the Internet in trying to find ways to bring about advertising dollars, and with Internet ad spending expected to grow 20 percent worldwide this year, China online news ad spending is far outpacing those numbers.

Taiwan

Hardware

- **Sandmartin International, a digital satellite equipment maker, announced its plan to list on the Hong Kong Stock Exchange.** The Taiwanese firm that claims it will be the only China-based digital reception product maker listed in Hong Kong, is aiming to raise HK\$150 million (US\$19.2 million) in its initial public offering. The offering is targeting mainly Hong Kong investors and is being sponsored and arranged by Kingston Securities. An official of the firm said part of the proceeds from the IPO would be used to expand production capacity in its plant in Zhongshan.
- **South Korea's LG Electronics said it plans to buy about US\$1.4 billion of technology products from Taiwan this year.** An official of the firm announced that it would source more key electronics components from Taiwan. The company said it is looking for Taiwanese suppliers to assemble LCD television sets for LG. It did not identify potential partners.

Hong Kong

Internet

- **PayPal, the online payments company, said it is looking to expanding its presence in Hong Kong through local partnerships.** The company, which is owned by eBay, has no plans to offer its services in Hong Kong dollars even as it has provided already online payment services to shopping sites in the city. An official, clarifying the plans, said the company wants to expand business by partnering with web-hosting firms and retailers.
- **Fixed-line operator Wharf T&T and its sister company i-Cable Communications have launched a promotional offer of HK\$99 (US\$12.6) a month, that will give unlimited broadband access that comes with free Internet telephone service.** The deal, which requires a 15-month subscription, intensifies the price war over residential broadband and fixed-line services. The competition is making Hong Kong already the most affordable broadband market in the world.

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Mobile/Wireless

- **New World is looking at its revenues from data and roaming services to improve so that it could move from its disappointing performance in the first half.** From its mobile services, New World's revenues fell 10 percent to HK\$669 million (US\$85.7 million) in the first six months to December. An official explained the decline as being caused by the aggressive promotions of 3G operators that intensified the market competition. The net profit of the company went down to HK\$56 million (US\$7.1 million) from HK\$77 million (US\$9.8 million). Despite this, the company managed to increase its subscriber base by 4 percent to 1.3 million during the period.

Australia/Singapore/Malaysia/Philippines/Indonesia

Internet

- **SembCorp Industries Ltd has entered into an agreement with Kingsville Capital Limited (Kingsville) to sell its remaining 3.9 million ordinary shares in Pacific Internet Limited (PacNet) at US\$7 per share.** The shares represent about 28.8 percent of the total outstanding shares in PacNet. Kingsville represents a group of investors put together by Titan Capital. The sale is in line with SCI's strategy to divest its non-core businesses. The company expects to generate approximately S\$43.3 million (US\$26.5 million) in gross proceeds. The sale price represents a premium of 17% over the closing price of PacNet's shares of US\$5.98 on March 17, 2005 and a premium of 16% over the 1-month volume weighted average price. The completion of the sale is subjected to approval by the InfoComm Development Authority of Singapore (IDA). Pacific Internet is Asia-Pacific's largest telco-independent Internet Communications Service Provider by geographic reach. It operates in Singapore, Hong Kong, the Philippines, Australia, India, Thailand and Malaysia.
- **SkyNetGlobal announced that it has signed an agreement to acquire W Home Communications in Malaysia for A\$1 million (US\$795,000).** A separate agreement will allow SkyNetGlobal to take control of the exclusive technology and marketing rights throughout Southeast Asia for SkyNetGlobal's various branded businesses, which include home automation products, wireless Internet hotspots and W Home broadband services. W Home is unaudited and has not generated any revenue.

Telecommunications

- **The Australian government plans to use windfall from Telstra sale to acquire more assets.** The plan involves using the more than A\$30 billion to buy shares in other companies, a move that is a marked change in the direction for the government, which used the A\$30 billion from its two previous Telstra share sales in the 1990s to pay off debts. The country's finance minister said the purchase of shares or bonds would help Australia to finance services in the future, an idea that was criticized by some who argued that the money should be used immediately to fund road and rail projects.

Mobile/Wireless

- **SingTel has sold 4.2 million common shares in Globe Telecom, reducing SingTel's share in the Philippine carrier to 44.6% from 45.1%.** The arrangement also follow Globe's offer to buy one common share for every 15 common shares held at 950 pesos (US\$17.6) per share. The net amount received by SingTel from the Globe share buyback exercise, after transaction costs, was 4 billion pesos

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(US\$73.6 million). However, an estimated net loss of S\$23 million (US\$14.2 million) will be recorded in SingTel's results for the quarter ending March 31 as a result of Globe buying back its shares at a premium.

United States/Canada

Internet

- **Yahoo has a new service that blends several of its website's popular features with blogging and social networking, two of the Internet's fastest growing activities.** Called "Yahoo 360", the hybrid service was announced by Yahoo after its details were leaked to the media. The service is designed to enable Yahoo's 165 million registered users to gather content from the website's discussion groups, online photo albums and review section to put into their own blogs. The service also would make it easier for the users to connect with others who share common interests and friends. Although blogs (online personal journals) are dismissed by critics, a study made by Pew Internet and American Life Project shows that 27 percent of online adults in the U.S. read them and about 17 percent write them.
- **A California ruled in favor of Apple Computer in the company's bid to identify the source of trade secrets posted online.** The court said the websites were not protected by constitutional guarantee given to journalists. In the decision, the judge said that Apple was entitled to know the identities of sources of leaked information about an upcoming product code-named "Asteroid." Apple is suing several persons and has issued subpoenas to an Internet service provider to obtain the identities of those operating the website responsible.
- **Microsoft is planning to start selling sponsored links on its search web pages.** The move of the company, which follows the lead of Google and other online rivals, is said to be built on detailed demographic information the software company has gathered over the years, and thus raises some privacy concerns for a lot of people. Microsoft said it will test the paid search products in Singapore and France over the next six months.

Telecommunications

- **Jury found the ex- WorldCom CEO Bernard Ebbers guilty of all counts – one count of conspiracy, one count of securities fraud and seven counts of making false filings with the U.S. Securities and Exchange Commission – for his role in an US\$11 billion scandal.** With the verdict, Ebbers could spend the rest of his life in jail and at the same time pay millions of dollars. The U.S. government spent years forming a case in order to convict the former chief executive. Ebbers is considered the most prominent executive to be convicted in a wave of investigation over a series of scandals that rocked Wall Streets at the end of the late 1990s economic boom. The accounting scandal pushed WorldCom into bankruptcy and almost wiped out a company that had once a market value of US\$180 billion.

Media, Entertainment and Gaming

- **Liberty Media Corp. said it is spinning off its stakes in Discovery Communications and Ascent Media Group.** The deal will form a new publicly traded company called Discovery Holding Co. and will include Liberty Media's 50 percent stake in Discovery and 100 percent ownership in Ascent. The deal is considered very significant, with Discovery alone valued between US\$10 billion and US\$15

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billion. In a separate report, Liberty Media in its financial results disclosed Discovery's revenue posting a 19 percent growth to 2.4 billion and Ascent registering a 24 percent growth to US\$631 million.

- **Viacom announced that it is considering a plan to split the firm into two companies to allow investors the chance to value its businesses separately.** The two separate entities would be one anchored by its fast-growing cable networks such as MTV and the other built around the broadcast TV businesses that would be under CBS. In the plan, the broadcast TV company would also include Viacom's radio businesses. These businesses are still profitable but have fallen out of favor with investors due to poor growth prospects and the competition they face from portable music players like Apple Computer's i-Pods. If Viacom's plan pushes through, this would be one of the latest moves by a media conglomerate to restructure itself under pressure from investors, with Liberty Media coming to mind.
- **TiVo and Comcast announced an eight-year non-exclusive deal that calls for TiVo to adapt its software to work on Comcast's existing DVR platform.** The deal will also allow TiVo to extend to Comcast subscribers the advertising it sells as interactive video clips that automatically appear in the TiVo menu. DVRs let viewers record TCV programs on hard drives, removing the need for videotapes, and making it easier to skip over commercials, credits and other things consumers see as annoyances. TiVo's deal, according to the company, is said to be the first of the partnerships the struggling firm hopes to forge with operator. The agreement with Comcast gives TiVo access to Comcast's 21.5 million cable customers, including 8.6 million digital cable customers who can take advantage of DVRs.

Semiconductor

- **Semiconductor firm SigmaTel has filed a complaint with the International Trade Commission (ITC) in relation to its patent infringement dispute with China-based rival Actions Semiconductor.** SigmaTel's decision to bring the dispute before ITC may be damaging because the commission has the power to ban imports if there is evidence of patent or trademark infringement. While the process that one goes through in the U.S. federal courts is often lengthy, ITC must need to establish only a conclusion within 45 days of the probe initiation. Sonic Impact, a California-based firm named co-defendant in the suit on the grounds that it used the mainland's chips in its products, settled out of court in February. The settlement compels Sonic Impact to use SigmaTel's design chips for two years and pay royalties on all previous shipments.

Software

- **Business software makers Oracle and SAP continued with even greater intensity their battle for retail software maker Retek, with both companies raising their stakes with higher bids.** Oracle latest all-cash bid is US\$669 million, nearly twice the Retek's market value before the auction began; SAP's current bid is worth US\$654 million. With the acquisition of Retek, SAP and Oracle can position themselves better in selling a range of software products to retailers looking to upgrade their technology.

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Europe

Software

- **A French appeals court upheld a ruling against Google's advertising policy.** The decision carried an order for the Internet search engine to pay approximately US\$100,000 in damages to two companies whose trademarks the court said it infringed. The court found Google guilty of "trademark counterfeiting."
- **The European Union approved the acquisition of Veritas Software, a U.S. storage solutions provider, by the U.S. security company Symantec.** The Commission, after the investigation, concluded that the deal would not significantly impede effective competition. The jurisdiction of the European Union is justified in this case because of the size of the operations of the two companies within the 25-nation bloc. The deal is valued at about US\$13.5 billion.

Hardware

- **Royal Philips Electronics announced its plan to reposition itself with Asia-Pacific area identified as a potentially lucrative market.** An official projected that the Dutch conglomerate's medical systems would grow into a US\$10 billion business the next few years, with growth expected to come from Asia-Pacific. With Japan and China figuring as the second-and third-largest healthcare markets in the world, Philips plans to create a new market for its healthcare products in Asia. An official said the mainland would be a significant driver of growth in the business. China's healthcare market is expected to be a big part of this expansion as the mainland market is forecast to overtake Japan in the next six to eight years.

Mobile/Wireless

- **Vodafone Group Plc announced that its subsidiary Vodafone International Holdings has agreed to the acquisition of two mobile phone operators from Telesystem International Wireless Inc, for US\$3.5 billion in cash.** The deal gives Vodafone International 79 percent of the share capital of Romania-based Mobifon S.A. and all of the shares of Oskar Mobil A.S. based in the Czech Republic. Mobifon has 4.9 million subscribers and controls 48 percent of the Romanian mobile phone market. Oskar has 1.8 million subscribers. The deal is pending approval of shareholders of Canada-based Telesystem.

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