

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



Week of 1 May - 7 May 2005

Table of Contents

International	2
Japan	2
Korea	4
China	5
Taiwan	7
Hong Kong	8
Singapore/Malaysia/Philippines/Indonesia	9
United States/Canada	9
Europe	10

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, f/k/a iReality Group Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document. For more information on IRG call (852) 2237 6000 or visit www.irg.biz.

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



Week of 1 May - 7 May 2005

International

Internet

- **According to a study, some 33 percent of U.S. consumers surveyed said they are less into online shopping compared with about 20 percent worldwide.** The study, which was conducted by GMIPoll cited spam and Internet-based fraud as the reason for the consumer's behavior. The market research said 57 percent of those polled blamed the marketing and advertising industries primarily for the increase in e-mail. Sixty-five percent of those surveyed worldwide said they have received more spam than a year ago. As to the nature of the spam, 29.5 percent described the spam they received as "sexual" in nature. Financial spam made up 22.5 percent of those received, it being the number one type of spam in the U.S., China, Russia, India, Denmark and Poland. The survey noted that anti-spam software is the most popular in the U.S., with 43 percent of those polled stating that they had installed said software. The popularity of anti-spam software notwithstanding, 53.5 percent of Americans polled said they opt to delete spam manually. Worldwide, 65 percent of those who participated in the survey said they now open only e-mail from people they know. GMIPoll surveyed 20,000 consumers worldwide.

Japan

Internet

- **Benefit One Inc., a Japanese company engaged in the operation of corporate fringe benefit facilities, said it has developed with All Nippon Airways Co. (ANA) a system that would enable employees of its corporate clients to buy and pay airline tickets over the Internet.** Users can access the service through Benefit One's members-only web site. They can also buy tickets at a discount using employee benefit points from their employers. ANA hopes that its first automatic Internet-based settlement system will help it attract new customers.
- **Livedoor Co. has initiated a service that will enable users of NetRadi, the radio station it runs via its portal site, to listen to its programs using digital mobile music players.** For the first phase, Livedoor has began distribution of some ten programs, which include those related to stock investments offered by Nikkei Radio Broadcasting Corp.. The radio station broadcasts about 100 programs a day, a majority of which is produced by individuals. The broadcasts in its new service have been made compatible with ipod casting, a format that allows radio programs to be distributed to iPods and other digital mobile music players.
- **Excite Japan Co., a major Internet portal company, has started offering music download services for cell phone users.** The firm said it would expand the services by opening related sites for the three major mobile phone operators in Japan. The services will include, aside from ring melodies, moving-image downloads, access to music-industry information, news and interviews with musicians as well as sale of musician-related goods. According to the company, some of the ring melodies will be taken from live songs of which the CD versions are not yet released.
- **Sony Communication Network Corp, a major Internet service provider, said it will transform its So-net web site into a portal site, with the firm aiming to increase its revenues from online advertisements and other related operations.** These plans, which are part of its major business

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



Week of 1 May - 7 May 2005

strategy shift, include raising revenue from the portal site and related businesses to 50 percent of overall sales. Sony Communications said it has plans to do active technical innovation that will improve and build the portal by means of corporate mergers and acquisition deals. The company posted a 3 percent increase in sales in the year ended this March to an estimated 39.3 billion yen (US\$374.2 million). Its Internet access service, however, declined 7 percent to 28.7 billion yen (US\$273.2 million). Income from its other types of Internet services climbed 42 percent to 10.6 billion yen (US\$101 million), with the company crediting the surge to the popularity of its streaming service airing South Korean TV dramas and the significant business results from its subsidiary offering online travel agency service. Its affiliate, DeNA Co., an online auction site operator that went public on the Tokyo Stock Exchange's Mothers market this February, is seen as helping Sony with its portal business.

- **The Japanese Ministry of Internal Affairs and Communications announced its plans to develop with partners routers that will be used in next-generation Internet communications networks.** The government agency named Nippon Telegraph and Telephone Corp. as one of its partners among other firms. The decision is built on the assumption that as net traffic continues to multiply every year, and with a huge chunk of it concentrated in Tokyo, the collapse of the communications grid is becoming increasing real. The project has a tag price of 10 billion yen (US\$95.2 million) distributed over a five-year period through fiscal 2009. It aims to develop technology that will allow the distribution of the processing of communication data in different regions of Japan without flowing through Tokyo. The present situation has routers that are not able to determine the sending and receiving points, making 80-90 percent of all traffic to pass through Tokyo. NEC Corp. and Hitachi Ltd. were two companies named as participating also in the project. With the world market for routers dominated by the U.S.-based Cisco Systems, the project aims to develop homegrown router technology that it hopes will make Japan the leader in the market for next-generation network device.
- **Major web portal firms are increasing the offering of online services accessed by cellular phones.** Under this initiative, Yahoo Japan Corp was reported as planning to double its menu options in two years, with its current 40 services via cell phone increased to 80 or more options accessible by personal computer. Rakuten Inc., in this project, is launching a promotional campaign for its virtual mall. Yahoo Japan aims to boost daily page views from some 27 million to 100 million for its handset-based online services. Data from Dentsu Inc. said revenue from online advertising made for cell phones registered an 80 percent increase to 18 billion yen (US\$171.3 million) for 2004.

Mobile/Wireless

- **Kyocera Corp. said that it would start outsourcing production of its mobile phones that are marketed in the U.S. to Singapore-based Flextronics International Ltd.** At present, phone handsets sold in the U.S. are made in its Mexican subsidiary Kyocera Mexicana SA de CV. Competition has made the subsidiary the only core money losing business of Kyocera. The move is aimed at cost cutting and gaining profitability. Kyocera said it aims to cut 1,700 jobs in the handset business. It targets the standardization of its components and, through a strengthened promotion program, increases its global sales by 15 percent to 15 million units.

Media, Entertainment and Gaming

- **A survey made by the Recording Industry Association of Japan indicates that 8.2 percent of those polled used paid music download services in 2004, a 60 percent increase from a year earlier.** The survey said that of the 1,200 men and women with ages ranging from 12-69, 56.9 percent

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



Week of 1 May - 7 May 2005

had knowledge of download music services, with 42.5 percent stating they did not. The figure nevertheless implies that recognition of said services is increasing. From respondents with ages ranging from 12-55, 10.9 percent said they downloaded music last year, a figure that is five times more than the figure from 2001. Respondents who owned portable music players had 62.9 percent claiming they took tracks from purchased CDs. Those who recorded songs through paid music download services made up 5.4 percent. The report noted the untapped market for cell phone music download services to users who are in their 30s and older. The survey was conducted in the Tokyo Metropolitan area.

- **Bandai Co., Japan's largest toy maker, and Namco Ltd., a leading developer of home video games and arcade game equipment, announced the setting up of a joint holding company with the objective of surviving the competition.** The merger will make Namco Bandai Holdings Inc. the third-largest toy and game business group, after Nintendo Co. and Sega Sammy Holdings Inc. Bandai has product development rights to a sizeable number of popular animated characters, which include Gundam and Sailor Moon. Namco is the firm behind classic game Pacman aside from operating a string of food theme parks and amusement facilities in Japan. The two firms declared that they would set up the holding company through a share-for-share exchange. Once the approval of the shareholders is given, Namco and Bandai will be delisted from the Tokyo Stock Exchange.

Korea

Telecommunications

- **KT Corp, South Korea's top fixed-line and broadband service provider reported a 7 percent increase in profit when it posted a net profit of 364.8 billion won (US\$363.6 million) for the quarter through March, compared with 341.5 billion (US\$340.4 million) a year ago and 396 billion (US\$394.7 million) in the previous quarter.** The company ascribed the rise in profit to improving Internet and mobile business outweighing declines in landline calls. Sales went down to 2.9 trillion won (US\$2.8 billion) against the 3.0 trillion (US\$3 billion) it posted a year ago. KT said its broadband subscriptions went up 7 percent to 6.1 million (US\$ during the first quarter even as the market is nearly saturated. The company said it would boost its revenues by focusing on new businesses such as the wireless Internet services called Wibro and a new type of phone service with a handset that functions for both fixed and mobile networks. The company said it benefited from growth of its wireless affiliate, KTF Co. Ltd.

Semiconductors

- **Hynix Semiconductor, the world's second-largest maker of memory chips after Samsung Electronics, said its net profit experienced a 16 percent decline year on year to 321 billion won (US\$320 million).** Placed against its net profit for the previous quarter, the net profit of Hynix for the January to March period posted still a 53 percent increase. Sales of Hynix went down 6 percent year on year to 1.2 trillion won (US\$1.1 billion), a figure that is 12 percent down from the fourth quarter last year. The company ascribed the results to strong won, weak memory chip prices and high cost of raw materials.

Information Technology

- **More companies in South Korea are opening up to the idea of outsourcing the operation of their information technology infrastructure seeing the move as a way to reduce costs and**

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



Week of 1 May - 7 May 2005

improve their business processes. The trend is said to be more evident in the financial service industry, which was a sector that was not into outsourcing mainly because it was anxious about data protection. The local branch of Allianz Life Insurance Co. has announced that it signed a ten-year outsourcing contract with the International Business Machines Corp. The contract is the first time a Korean financial institution has outsourced its info tech services using a non-subsidiary. Under the contract, IBM Korea will be responsible for the management of Allianz's servers and storage as well as the operation of data and disaster recovery centers. The two companies did not disclose the financial terms of the deal. According to International Data Corp., the South Korean market for info tech outsourcing is expected to grow to 1.7 trillion won (US\$1.6 billion) by 2005, a 12 percent increase from 1.5 trillion won (US\$1.5 billion) last year. It is seen as reaching 2.5 trillion won (US\$2.4 billion) by 2008.

Mobile/Wireless

- **Pantech Co. said it would buy 60 percent of SK Teletech Co., which is the handset affiliate of mobile phone operator SK Telecom.** The deal has been valued at 300 billion won (US\$299 million). The acquisition is seen as putting Pantech in a better position when placed against larger rivals Samsung Electronics Co. and LG Electronics. With 89.1 percent of SK Teletech, SK Telecom is still the second-largest shareholder. Industry watchers also see the move as enabling SK Telecom to distribute more SK Teletech handsets to its clients. SK Telecom had about 19 million customers as of March, which makes up 51.2 percent of the local market. Industry watchers also see the newly found status of SK Telecom after the acquisition as leading to the possibility of ending the government-imposed restrictions on SK Telecom's handset business. Under the anti-trust agreement, SK Telecom may sell no more than 1.2 million SK Teletech handsets every year. There is also the Korean telecommunications law that bans mobile-phone operators from marketing handsets but the ban does not cover the activities of affiliates.

China

Internet

- **Contec Innovations Inc. said it has signed a binding Letter of Intent with Gosun Online (Beijing) in China with the aim of deploying Contec's Hornet Mobile Services Delivery Platform (MSDP).** The agreement makes Gosun the second customer of Contec that operates under a Master Service Provider (MSP) business model and Contec's first MSP customer in Beijing. The announcement said Hornet has been installed at Gosun's facility in Beijing and will be providing services using the China Mobile and China Unicom networks. The two companies also said they plan to enter into a Partnership Agreement that will make it possible for them to share revenues and prepare them for the launch of commercial mobile services this year. Gosun Online (Beijing) has about 100,000 subscribers in Beijing. Its parent company Gosun Online has approximately 1 million subscribers in China. Gosun Online is a subsidiary of Gosun Group, a telecom services company, focused on data information networking and is the first high broadband, multi-network data center in Guangzhou. Gosun Online has strategic partnerships with China Unicom, China Telecom, China Netcom, Chinanet and other firms. Contec contributes to the acceleration in the growth of the mobile Internet.
- **China is rapidly approaching the U.S. as the country with the largest number of broadband subscribers, according to iSuppli Corp.** By the end of the year, the market researcher said China is expected to have 34 million subscribers as against the 39 million in the United States. By the end of 2007, iSuppli is predicting that China will have 57 million broadband subscribers, compared to 54

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



Week of 1 May - 7 May 2005

million in the U.S. The study said that as nations compete for economic power, broadband access is becoming as a key competitive differentiator. The growth of the U.S. broadband market has been affected regulatory issues that have hindered the growth of high-speed Internet access technologies, the study noted.

Mobile/Wireless

- **UTStarcom Inc. posted a 30 percent drop in its quarterly profit when its first-quarter income fell to US\$38 million from US\$54.8 million in the year-ago period.** The company makes low-cost mobile telephone popular with urban immigrants in China. The company noted that while demands for its handsets remained strong, Chinese manufacturers are not touching their capital as they prepare their move to the next-generation mobile phones. This year, UTStarcom expects sales to decline in China by 40 to 50 percent from 2004. The company said the market for is low-cost handsets and the network gear used to operate them, which had climbed to US\$2 billion, could go down to between US\$1 billion and US\$1.2 billion. The company has been developing markets outside of China, such as North America, India, Europe and Latin America. These markets make up 75 percent of its business.

Media, Entertainment and Gaming

- **Xinhua Finance is playing a big part in the promotion and expansion of the international business reporting language XBRL (extensive Business Reporting Language) to the China market through its U.S. subsidiary Mergent, Inc., by becoming the first XBRL Direct Participant Member in China.** As a member, Xinhua Finance will be working with regulatory authorities and major financial institutions in the development of Chinese XBRL rules. XBRL, which is one of a family of “XML” languages that is becoming a standard means of communicating information between businesses and via the Internet. Industry analysts are saying that Xinhua Finance will also benefit from Mergent’s expertise in XBRL. Mergent, Inc., a Xinhua Finance company, is the leading provider of critical business and financial data on global publicly listed companies, indices and exchanges. Xinhua Finance Limited is China’s premier financial services and media company.
- **Sina Corporation announced net revenues of US\$45.8 million for the quarter ended March 31, 2005, representing an 11 percent increase from US\$41.4 million in the same period in 2004 and a 19 percent decrease from a US\$56.9 million it posted in the previous quarter.** Advertising revenues hit a total of US\$16.6 million for the quarter, a 27 percent increase from US\$13.1 million reported in the same period in 2004. Its non-advertising revenues were US\$29.2 million for the quarter, a 3 percent increase from US\$28.3 million it reported in the same period in 2004. The firm said it registered a 3 percent increase to US\$26.5 million for its total revenues from mobile value-added services from 25.8 million reported in the same period in 2004. Its first-quarter SMS revenues were reported as down 30 percent due to the ban of certain usage-based SMS products from television and radio commercials. Lineage 2, a product of its joint venture with NCSoft, has been deployed in 11 regional telecom data centers throughout China to service game players. The game registered a daily average concurrent user count in March 2005 of 93,000 from 65,000 last December. At the end of March 2005, Sina’s casual game portal iGame registered roughly 580,000 active users, up from 560,000 users at the end of the previous quarter. SINA reported also that its game portal operated 25 games at the end of March 2005. It is expected to add two new games by the end of June 2005.

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



Week of 1 May - 7 May 2005

Software

- **Ninetowns Digital World Trade Holdings Limited reported a 59.1 percent increase to US\$7.7 million in its total net revenue for the first quarter of 2005, compared to US\$4.9 million for the first quarter of 2004.** Net revenue from sales of enterprise software for the first quarter of 2005 reached US\$6.4 million. Net revenue from software development services for the first quarter of 2005 was US\$1.3 million. Its net income for the first quarter of 2005 went up 80.2 percent to US\$5.9 million, compared to the net income of US\$3.3 million for the first quarter of 2004. It posted a net income of US\$5.2 million for the fourth quarter of 2004. For the second quarter of 2005, Ninetowns forecasts total net revenue in the range of US\$6.4 million-7.2 million, with net income within the range of US\$4.5 million-5.2 million. Ninetowns is a software company that enables enterprises and trade-related PRC-government agencies to streamline the import-export process in China.

Semiconductors

- **Semiconductor Manufacturing International Corp. announced that it would form a venture with Singapore's United Test & Assembly Center Ltd. as part of its move to meet the rising demand from its customers.** In a joint statement, United Test said it will invest US\$30 million for a 30 percent stake in the venture while Shanghai-based Semiconductor Manufacturing will shell out US\$51 million to acquire a 51 percent stake, with the remaining stake to be held by employees and some companies it is holding talks with. The venture will be located in the Chinese city of Chengdu whose overall costs are less than 50 percent that those in Beijing because of value-added exemptions and lower labor and utility costs. The announcement said the venture will begin production during the fourth quarter and expects sales to reach US\$300 million in 2007, with the companies investing US\$17.5 million for the first phase of the project.

Taiwan

Internet

- **Cable operators in Taiwan are pushing ahead with VoIP services even as the government has imposed restrictions that would prevent the companies from offering telephony to customers.** The latest company launching a VoIP product is China Network Systems, following the path of Eastern Multimedia, which has already rolled out a VoIP service, and Taiwan Broadband Communications that is going through its testing phase. The cable operators expect the new service offerings to attract more customers, although the Taiwanese cable regulator Government Information Office (GIO) is perceived as being slow in coming up with the necessary and appropriate regulations. In the past, attempts to roll out new services such as digital TV and interactive services have been received with much restrictions that impact on subscription pricing as well as channel packaging, compared to the telecom industry that has been allowed to move into the TV market. The result is a scenario where telecom companies are able to offer TV services while cable-TV operators cannot offer telecom products.

Hardware

- **Quanta Computer, which is considered to be the world largest contract maker of laptop computers by shipments, announced a 32 percent decline in its net profit to NT\$2 billion**

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



Week of 1 May - 7 May 2005

(US\$64.1 million) in the first quarter from NT\$3 billion (US\$96.2 million) a year earlier. The company's first-quarter revenue climbed 20 percent to NT\$78.9 billion (US\$2.5 billion) from NT\$65.5 billion (US\$2.1 billion). According to Fubon Securities, the "disappointing" result can be ascribed to a first-quarter loss of NT\$4 billion (US\$128.2 million) at Quanta Display, in which Quanta has a 20 percent stake. Quanta Display's earnings were affected by a downtrend in the LCD panel sector. Quanta makes laptop computers for Dell and Hewlett-Packard.

Hong Kong

Media, Entertainment and Gaming

- **Ruili Holdings said in an announcement that it is acquiring a stake in Galaxy Satellite Broadcasting as a "financial investor".** Ruili needs to pay HK\$336.7 million (US\$43.2 million) for the Galaxy stake. The multimedia electronics maker said the purchase of Galaxy would contribute to the paid television forming a critical mass of viewers that could bring in a return. It is also possible that a listing plan for Galaxy may be revived. Galaxy lost HK\$340.1 million (US\$43.6 million) last year and had 30,000 subscribers as of February.

Mobile/Wireless

- **CSL said it aims to double its data revenue even as the mobile-phone operator is still trying to recoup its investment within two years.** CSL is taking a different approach compared to what its rivals like Hutchison Telecommunications have done, which is to build their 3G subscriber base by offering handset discounts. According to a CSL spokesperson, the key is to raise the total ARPU (average revenue per user) instead of increasing the number of 3G users. The company sees no need to offer exclusive handsets, which Hutchison and SmarTone are doing. The company wants instead to provide popular models from brands such as Nokia. CSL said it plans to spend 80 percent of this year's HK\$600-700 million (US\$77-89.8 million) capital expenditure budget on 3G.

Telecommunications

- **Hutchison International Telecommunications Ltd. (HTIL) said it plans to purchase the remainder of its 52.2 percent owned Hutchison Global Communications (HGC). HTIL sees the acquisition of the fixed-line provider as needed in order to boost its efficiency of its Hong Kong operations.** The company's options would put the value of the stake at HK\$2.2 billion (US\$282.3 million) to HK\$2.4 billion (US\$308 million). HGC was formed through a back door listing, when Hutchison Whampoa put its assets into Venda Systems & Communications Holdings in exchange for US\$910 million in shares. Venda changed its name to HGC last year. Some investors in the initial placement of Venda shares last year expected the company would get other Hutchison telecommunications assets but, instead, assets like non-3G global mobile operations were injected into HTIL.

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



Week of 1 May - 7 May 2005

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **Singapore Telecommunications Ltd. (SingTel), Southeast Asia's biggest phone company, reported for the fourth quarter a net income falling 47 percent to S\$1 billion (US\$609.6 million) in the three months ended March 31, from a year earlier.** The company noted a slowdown in the sales at its most profitable unit, Optus in Australia and, instead, pointed to investments in companies such as Indonesia's PT Telekomunikasi Selular as the source of its earnings growth. The company said its sales went up 2.6 percent to S\$3.2 billion (US\$2 billion) in the quarter from a year ago. Overseas business accounted for 70 percent of the sales. The company posted a 27 percent decline in its net income for the full year to S\$3.2 billion (US\$2 billion) from S\$4.4 billion (US\$2.6 billion) a year earlier. SingTel ascribed a six-fold growth of its quarterly profit from a one-time gain it got from the sale of its stake in Belgacom, Belgium's biggest phone company. The company said the number of its mobile phone users in Singapore, Australia and the region went up 37 percent to 65 million, which is the biggest subscriber base in Asia outside of China. A spokesperson said the company might expand its presence overseas.

Information Technology

- **The Singapore subsidiary of Japanese electronics maker Fujitsu Ltd. announced that it has opened a new center in Singapore that will offer solutions for companies in Southeast Asia and South Asia.** Fujitsu Asia Pte said the Platform Solution Center has a valued investment of about S\$3.5 million (about US\$2.1 million). The Singapore Center is the first outside Japan given the name Platform Solution Center. The Japanese domestic market makes up for 70 percent of Fujitsu's global market with the rest found overseas. The company said it intends to increase the ratio of overseas markets to 50 percent in three to five years.

United States/Canada

Internet

- **Google Inc. applied for U.S. and international patents on technology that will rank stories on its news sites based on the quality of the news source.** Google's search engine presently looks at some 4,500 news sources and highlights stories indicated by popularity and timeliness. A company spokesperson said Google has indeed applied for the patents but did not say whether the company will use or is already utilizing the technology. As web logs and other sites containing commentaries multiply, some postings have been displayed with prominence compared with others. It happens, too, that some postings are either biased or inaccurate or entirely false. The technology Google is trying to patent may help the users in terms of the reliability and credibility of the stories and news given their sources.
- **Amazon.com announced the launching of its partnership with Internet wine retailer Wine.com expecting to capitalize on a major retail market that is not yet a presence in the Internet.** The two companies did not disclose the financial terms of the one-year deal. The partnership is also different from those forged by Amazon with companies like Toysrus.com and Office Depot and Target because Amazon will simply direct traffic to Wine.com's website. Statistics from comScore

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



Week of 1 May - 7 May 2005

Media Matrix show that the wine industry does about US\$22 billion in retail sales across the nation although less than one half of 1 percent of those sales were negotiated online.

Media, Entertainment and Gaming

- **Electronic Arts reported a 91 percent decline of its fourth-quarter earnings to US\$8 million from US\$90 million in the same period last year.** Excluding special items, the company earned US\$30 million, which is 61 percent down from US\$77 million. Electronics Arts ascribes the plunge to competition and the dismal sales of its most popular video games. Company officials cited higher costs related to purchasing licenses, intense competition and the lower demand for games as consumers anticipate the new set-top boxes expected to hit the market. Sony and other makers of video-game players are launching the new video games, and analysts say the public is not interested in games designed for outmoded equipment.
- **Tribune Co.'s entertainment unit agreed to form a joint venture aimed at developing syndicated programming with Sony Corp.'s Sony Pictures Television unit.** An official of the Tribune Broadcasting said in a statement that the agreement it entered into reflects the company's strategy of partnering with programmers to produce projects for Tribune TV stations. The announcement said the venture would present a daytime program in the fall of 2006. Tribune operates 11 daily newspapers; its broadcasting group operates 26 television stations.

Telecommunications

- **After losing a bidding war for MCI to rival Verizon Communications, Qwest Communications International announced impressive earnings of US\$57 million in the January-March period, compared to last year's loss of US\$310 million.** Its revenues went down to US\$3.4 billion from US\$3.5 billion last year, with the competitive pressures offset by gains in long-distance and DSL. The company said it benefited from price initiatives in consumer long-distance, packages and wholesale long distance.
- **Nortel reported for the fourth quarter revenues of US\$2.6 billion, up sequentially 20 percent.** The company reported net earnings of US\$133 million, R&D expenses of US\$494 million in the fourth quarter of 2004, compared to US\$520 million for the fourth quarter of 2003 and US\$501 million for the third quarter of 2004. In a strategic action at continued marketplace growth and competitiveness in Asia, Nortel and LG Electronics signed a Memorandum of Understanding to establish a joint venture for marketing and research and development of telecommunications equipment and networking solutions to Korea as well as to other markets. It has also signed a Joint Venture Framework Agreement with China Putian Corporation for R&D, production and sale of 3G mobile telecommunications equipment and product to consumers in China.

Europe

Media, Entertainment and Gaming

- **British satellite broadcaster BskyB announced a 16.8 percent increase to US\$342.4 million in its pre-tax profit during the third quarter of its present financial year, compared with US\$293.2 million during the same period of the previous year.** Europe's largest satellite broadcaster attributed the increase to strong subscriber growth. The company said it had added 95,000 new direct-

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



Week of 1 May - 7 May 2005

to-home subscribers in the third quarter, an increase from the 66,000 added during the same quarter of the previous year, with its customer base dramatically growing to over 7.7 million people. Its group revenue climbed 8.3 percent to US\$1.8 billion during the quarter.

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document.