

IRG WMR



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

Week of 5 June - 11 June 2005

For more information on IRG, please email communications@irg.biz or visit www.irg.biz.

Hong Kong (HQ)

No.1-2A, 17/F, The Centrium,
60 Wyndham Street, Central,
Hong Kong

Tel: (852) 2237 6000
Fax: (852) 2237 6100

Singapore

5 Rhu Cross, #04-16
Olivia Block, Singapore

437434 Singapore
Tel: (65) 6325 1191
Fax: (65) 6348 9583

Japan

JT Building 15Fl, 2-2-1
Toranomon, Minato-ku,

Tokyo, Japan 105-0001
Tel: (813) 5114 8395
Fax: (813) 5114 8396

Korea

37/F, Asem Tower, Samsung-
dong, 158-1, Kangnam-gu,
Seoul, Korea

Tel: (822) 6001 3840 ext. 3841
Fax: (822) 6001 3711

Philippines

2/F, State Condominium Bldg.,
186 Sacledo St. Legazpi Village,
Makati, Philippines

Tel: (632) 728 5307
Fax: (632) 728 5307

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International

Internet

- **Increased accessibility to the Internet in the Asian region could lead to more copyright violations as the incidents of illegal downloading of films and songs climb, according to a source in the World Intellectual Property Organization regional office of the United Nations.** Hong Kong's film industry has pointed to videodisc piracy in Asia as the main cause for its poor box-office performance in the past few years. Taiwan's music industry blames Internet downloading as one of the reasons why it is now in a slump. Across the globe, the recording industry states that it has been losing billions of dollars in revenue for the past years because people are sharing songs over the Internet instead of purchasing them. Industry observers are saying that as Asia grows economically file sharing would be the next problem in the region. Data from the anti-piracy watchdog Business Software Alliance revealed that manufacturers lost about US\$8 billion to pirates last year, with China, Vietnam and Indonesia among the top five nations said to be flouting intellectual property laws.

Mobile/Wireless

- **The number of mobile service subscribers in the Asia-Pacific region outside Japan is forecast to go beyond 900 million by 2009, this after a robust growth of 25.6 percent to 527.3 million last year, according to research firm International Data Corp.** For 2005, the number of mobile users is expected to have an 18.6 percent growth to 625.5 million. This strong growth is predicted to bring about huge earnings for telecommunications service providers, with mobile revenues climbing to US\$109.3 billion in four years' time from US\$69.8 billion last year. Of the 10 regional markets covered by the report, India reported the fastest growth, with the number of mobile users more than doubled to 48 million in last year. China, the Philippines and Thailand, which were the main contributors behind the region's strong growth last year, could remain the fastest growing markets, IDC said. In China, mobile users numbered 317.2 million in last year and will climb to 535.3 million in 2009. The Philippines will see the numbers increasing to 57.4 million from 32.7 million last year, and Thailand will see the numbers going up to 39.9 million from 27.1 million.

Japan

Internet

- **The number of IP (Internet Protocol) phone service subscribers increased 57.2 percent on the year to 8.3 millions as of the end of fiscal 2004, according to the Ministry of Communications report on telecommunications services.** Assuming the number of subscriptions continue to grow at the present pace, the number is then expected to reach 10 million this year. The report says the aggregate number of subscribers to fixed-line and ISDN phone services fell 1 percent to 59.6 million, which marks the seventh consecutive year of decline and the first dip below the 60 million level in 11 years. The number of cell phone service subscribers increased 6.7 percent to 87 million; with the growth rate registering 1 percent lower than a year ago. PHS (personal handy phone system) service subscribers went down by 12.8 percent to 4.4 million.
- **Japanese wireless operators are turning to IP (Internet Protocol) technologies for their trunk networks with the purpose of curbing investment costs and maintenance expenses.** Around the middle of next year, wireless subscribers will be able to keep their phone numbers when they change services, a development that is expected to open the floodgates on price competition as subscribers

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change their carriers to get the best deal. KDDI Corp. already uses an IP network for its “au” wireless service. NTT DoCoMo is expected to switch next even as it needs install a new dedicated network for data communications for its I-mode service. Vodaphone Holdings KK is aiming for a similar switch in two to three years.

- **A total of 75 new listings are expected on the country’s stock markets in the January-June period.** The figure outnumbers the 71 listings in the first half of 2000, a period that saw the Internet sector in the midst of a “bubble”. Noted this year is the listing of about 20 firms that belong to the new generation of Internet businesses, which include Gourmet Navigator Inc., operator of a web site that provides information on restaurants, and Gungho Online Entertainment Inc., an online game site operator. Behind the increase in initial public offerings is the rallying demand for funds among start-up companies, especially those offering Internet-related services. According to the Nomura Securities, “the second generation of Internet businesses is now going public.”
- **Rakuten Securities Inc. announced the development of a system that allows its customers to use their cell phones to trade stocks through the company’s Internet trading service.** The system gives market updates, price indications and other information as often as every 5 seconds. By means of the new system, customers will be able to trade stocks even while away from their personal computers. The system is compatible with 21 cell phone models on NTT DoCoMo Inc.’s FOMA 3G cell service. While the service will be free for those who have an account with Rakuten Securities, eventually it will be costly as cell phone charges may become expensive because of the frequent updating of information. Rakuten, in this regard, is recommending a flat fee plan that includes connection charges.

Mobile/Wireless

- **Panasonic Mobile Communications Co. and UTStarCom Inc. announced their development of a compact indoor base station that is compatible with 3G cellular phone services, with plans to launch overseas sales within the year.** The product, which is compatible with WCDMA 3G standard, was developed by Universal Communications Technology (Hang Zhou) Co., a joint venture in China. The product is designed for use in places inaccessible to large outdoor base stations, such as small office buildings and underground malls. Production lines at the Chinese joint venture would be expanded within the fiscal year in preparation for mass production. Initial plans were for selling the base stations to NTT DoCoMo Inc. but the present development in Europe, where there is an increasing shift to 3G technologies, and the clearance for 3G services in China in the offing, are altering the plans. Panasonic Mobile Communications will create a new unit to manage international sales.

Media, Entertainment and Gaming

- **WiZ Co., a company that develops toys, character designs and other goods, announced its plan to go public on the JASDAQ Securities Exchange.** The company was noted for helping to develop the Tamagochi virtual pet game created by Bandai, which is one of its major clients. The company earns commission fees, in the form of a percentage of sales, on all plans adopted by client companies. WiZ aims to promote the animated film planning and production business, which it initiated last April, as another profit center. For the business year ended May 31, the company projects a parent-only pretax profit of 520 million yen (US\$4.7 million), a nine-fold increase from the previous year, on sales of just under 5 billion yen (US\$46 million).

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Information Technology

- **Fujitsu Ltd., Nihon Unisys Ltd. and other information technology companies are increasing its efforts to expand their personal computer administration services for businesses.** Fujitsu also plans to start offering midsize firms PC administration services that handle virus protection and software updates. Nihon Unisys subsidiary Uniadex Ltd. aims to offer a comprehensive service that handles PC installation, administration and disposal, together with virus protection and erasing of data from disposed PCs. Increasing demand for PC administration arises partly from the poorly planned IT investments that a number of businesses made during the IT bubble. According to the Japan Users Association of Information Systems, maintenance and running costs account for roughly 60 percent of Japanese businesses' IT-related expense accounts. Fujitsu says that information administration services will grow at a pace of around 20 percent a year, and are expected to result to double-digit operating profit margins.

Software

- **Netmarks Inc. received an order from Shinko Securities for a computer monitoring system that will enable the company to maintain a recorded log of all operations conducted on all personal computers linked to the corporate network.** Netmarks said that it plans to build a system that can accommodate 6,000 PCs. The system server will store a log of all operations on various software on every PC, including standard applications such as word processors and spreadsheets, as well as e-mail and browser software. The system will do its monitoring tasks using Seer Inner, a program developed by Seer Insight Security Inc.
- **Hitachi High-Technologies Corp. said it has initiated marketing of software that can be easily integrated into existing system that will enable it to monitor servers and networks for alterations to web sites.** With the software, the company aims to boost the current sales of its network security business to 4 billion yen (US\$36.8 million) in fiscal 2007. The software is called Patrol Clarice, and was created by the systems development venture Comsquare Co. To run Patrol Clarice on an existing information system, the client company needs just to install the software in a server and connect the server to the network.

Hardware

- **ZOA, an operator of personal computer specialty stores that feature enhanced support services, announced its plans to go public on the JASDAQ Securities Exchange.** The Osaka-based company operates some 26 outlets in Japan. PC sales accounted for only 26 percent of the company's total revenue at the end of March, compared with the national average for specialty shops of over 60 percent. The company focuses on sales of peripheral equipment as well as hardware combined with support services. It now has 7,000 members for six service courses. ZOA posted parent-only operating profit of 772 million yen (US\$7.1 million) for the year ended March 2005, on sales of 17.5 billion yen (US\$161 million). It expects operating profit of 800 million yen (US\$7.3 million) for the current business year, a 4 percent increase from the projection for the preceding term, on sales of 18.5 billion yen (US\$170.2 million). Proceeds from the initial public offering will be used mainly to set up new outlets and build cashless payment systems at its stores.
- **Sharp Corp. unveiled a new personal computer that can easily connect to and transfer data from home electronics such as televisions.** Called the Mebius PC-TX32J, the new product is priced at about 330,000 yen (US\$3,000) and will be installed with software that allows connections with digital home electronics. It will be able to share video and music files with TVs and other PCs through a LAN

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(local area network) and a specialized router. There is a movement among PC manufacturers to propose new audio-visual setups that place the PC as the core unit.

Ventures/Investments

- **Matrix Capital Co., an independent investment company, disclosed its purchase of the shares of 14 businesses from a venture capital fund of Nikko Cordial Corp. through an investment fund.** The company aims to get back its investments through sales and stock market listings. Matrix Capital used a 2 billion yen (US\$18.4 million) fund that it had established with Japan Asia Investment Co. to buy the shares. The investment company plans to provide support to the start-ups it has acquired, including executives, additional capital, and business partner introductions. For the record, this is the second such purchase for Matrix Capital, which in October 2004 bought nine companies from a domestic start-up fund.

Korea

Internet

- **Korean Internet company SK Communications Co. unveiled a Chinese language version of its Cyworld weblog services, with the aim of generating revenue in the world's fastest growing Internet market.** The company that has plans of launching a mobile-phone version of Cyworld in China in July is expecting to attract around 25 million customers by 2007. SK Communications said it is looking for a Chinese partner to come up with localized content even as the company plans to bring the Cyworld weblog services to other countries such as Japan, Taiwan and Singapore. The Internet affiliate of top mobile-phone carrier SK Telecom Co., SK Communications has been preparing for its business expansion overseas. Viatch, a Chinese Internet portal acquired by SK Telecom, will manage the Cyworld services in China.
- **Anyuser.Net Co. and Samsung Networks Inc. announced that they expect to initiate the first commercial Internet-based telephony services in July.** The two firms, which were granted licenses for VoIP services by the Ministry of Information and Communication last year, said the commencement of the service would take place only after they have finalized agreements with fixed-line telephone carriers on service charges. Early on, the two companies came up with an agreement to access the online equipments of fixed-line telephone carriers KT Corp. and hanarotelecom Inc. The companies did not have a consensus on the service charges. Government officials predict South Korea will be able to complete its transition to IP-based telephony by 2010, while generating 5.3 trillion won (US\$4.6 billion). International Data Corp. predicts Korea's IP-based telephone equipment market to grow to 257.9 billion won (US\$226 million) by 2008 from 70.3 billion won (US\$69.6 million) in 2004.

Mobile/Wireless

- **SK Telecom Co. said it has attracted about 470,000 subscribers to its Melon digital music services, seven months after the services were launched.** With Melon, users are able to download music on their mobile phones, personal computers and portable music players. Under the company's digital rights management system, Melon users are required to renew their song list every month. Industry figures indicate that about 80 percent of the mobile phone models marketed in Korea are integrated with built-in music players. Korean mobile carriers predict that they would sell about 10 million MP3 player-equipped phones this year, a number that is about five times more than the number of stand-alone players expected to be sold.

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- **LG Electronics Inc. announced that it topped the European 3G handset market as it grabbed a 25.5 percent share of the market.** The company is targeting global sales of 70 million handsets this year, with 3G WCDMA phones accounting for about 10 million. LG Electronics sold around 1 million WCDMA handsets in Europe during the first quarter this year, overtaking rivals such as Nokia, Motorola, NEC and others. Europe is the world's largest 3G telephony market, with the demand for WCDMA phones in European countries expected to grow to 22 million handsets this year from 8.1 million handsets in 2004, according to LG Electronics.

Media, Gaming and Entertainment

- **TU Media Corp., South Korea's only satellite-based mobile television broadcaster, said it brought in more than 50,000 customers one month after initiating commercial services.** The company offers seven video and 20 radio channels to its customers. It is aiming to attract 600,000 to 700,000 customers by the end of this year and expects to break even when it gathers about 5.5 million customers, a number it expects to generate four to five years from now. With the country's main land-based television stations saying they will not provide programs to TU Media, the company is now expanding their partnership with cable television operators and digital content developers as alternative.

China

Internet

- **A clampdown on China's booming online game industry will go on up to September and is targeted largely at imported titles featuring pornography, violence or gambling, according to the Ministry of Culture.** So far, the industry regulator has identified nine illegal games as well as four illegal operators and eight illegal game suppliers for scrutiny. China's online game industry is going through a big expansion, with annual growth expected to average 39 percent over the next few years to reach US\$823 million in annual revenue by 2008, the International Data Corp. said. The clean-up is seen as directed at smaller industry players and, industry observers are saying there is no sign yet that it has affected the country's top layer of operators like Shanda Interactive Entertainment, NetEase.com and The9 Ltd.

Mobile/Wireless

- **China Mobility Solutions Inc. announced that it has been selected by China Unicom as a strategic partner for its Uni-info portal.** The partnership exposes China Mobility Solutions to an estimated market of 334 million wireless subscribers and a rapidly growing mobile content download business. China Unicom's 3G-based media portal, Uni-info, is modeled after Japan's NTT DoCoMo, considered to be the world's most successful mobile Internet provider. The Unicom portal has three independent and complete theme areas: entertainment, life and business. The entertainment area features 3D games while the life experience provides services such as e-ticket buying. The business area shows real-time functions of financial and securities information and transactions.
- **NEC Corp said that it would partner with China's Wuhan Research Institute of Post and Telecommunications (WRI) in producing and developing base stations for 3G cellular phones.** The two companies plan to co-establish Wuhan Fiberhome Mobile Communications Inc. in Wuhan, Hubei Province. Even as the capitalization of the joint venture remains undecided, WRI is expected to take a 65 percent stake, with NEC and its mobile communications unit holding a 30 percent interest. The remaining 5 percent will go to unspecified parties. WRI is one of China's largest builders of fiber-optic communications facilities and indoor telecom base stations. The joint venture will tap NEC's

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technologies to develop and produce 3G base stations and related control devices. The products are to be marketed in China under WRI's brand.

Hardware

- **China's Lenovo Group Ltd. announced a profit in the year ended March 31 rising to HK\$1.1 billion (US\$143 million) from HK\$1 billion (US\$128.5 million) in the previous fiscal year.** The company said its revenue dropped to HK\$22.5 billion (US\$2.8 billion) from HK\$23.1 billion (US\$3 billion). Its profit for January to March went down to HK\$166 million (US\$21.3 million) from HK\$188.3 million (US\$24.2 million) a year earlier. Lenovo's revenue declined to HK\$4.7 billion (US\$604 million) from HK\$5 billion (US\$642.8 million). Its handset revenue went down to HK\$597 million (US\$76.5 million) from HK\$618 million (US\$79.4 million). Lenovo's consumer division, the division that sells PCs to individuals, reported operating profit of HK\$463.5 million (US\$59.5 million) in the fiscal year that just ended, up from HK\$432.2 million (US\$55.5 million).
- **The government has terminated a HK\$350 million (US\$45 million) information management contract with IBM and threatened the technology giant with a lawsuit.** Under the former contract, IBM was to receive HK\$194.5 million (US\$25 million) to build the new system, which would support all core financial management processes, cash accounting and payment processing, including accrual accounting functions such as costing, management reporting and automated vote control. The remaining HK\$152.4 million (US\$19.5 million) was to be given for a five-year hosting, support and maintenance contract. The project will be put up for re-tender, government sources said. The contract termination is expected to attract other large systems integrators to work with that department. Fujitsu Hong Kong, which developed and presently maintains the Treasury's present accounting system, may compete in any re-tender for the new system.

Telecommunications

- **Global National Communications Corporation announced the completion of its agreement to acquire technology rights from Shenzhen Teltone Technology Co.** A company official said the manufacturing of PHS phones is expected to generate a "significant increase in our sales." The growth of the PHS cellular market in China is supported by the largest telecom in the country: China Telecom and Netcom. The Ministry of Information and Industry estimates the PHS handsets to grow from 65 million new users in 2004 to 82 million new users in 2005, and increase to 91 million new users by 2006.

Taiwan

Mobile/Wireless

- **BenQ is said to be facing a formidable challenge to turn around Siemens's mobile phone handset business.** Under an agreement, BenQ will sell a 2.5 percent stake to Siemens for US\$60.6 million and secure further US\$182 million from the German group to support the business and its future undertakings. BenQ will take over the handset business in the course of Siemens's fiscal fourth quarter. The agreement will allow BenQ to use the Siemens brand for five years, with the mobile phone business headquartered in Munich, Germany. BenQ said it would acquire all the assets and liabilities of Siemens's mobile handset business on a debt-free basis. The acquisition will push the Taiwan company into the international stage, a status that will elevate the company into the world's fourth-largest mobile handset maker and a leader in the greater China region.

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Semiconductors

- **Taiwan Semiconductor Manufacturing Co (TSMC), the world's leading made-to-order microchip maker, announced its raising of its second-quarter guidance as demand climbed once more.** The company said its sales in May saw a 3.2 percent increase to NT\$19.5 billion (US\$623 million) from NT\$18.9 billion (US\$603.8 million) in April, which it attributed to high wafer shipments. Sales in May went down year-on-year 10.2 percent to NT\$94 billion (US\$3 billion) from NT\$99.8 billion (US\$3.1 billion). The company said the overall utilization rate for the second quarter was estimated at about 80 percent.
- **United Microelectronics Corp said its sales in May went up to NT\$6.4 billion (US\$204.4 million) from NT\$6.3 billion (US\$201.2 million) in April.** The company, which is the world second-biggest contract microchip maker, announced however that sales in the five months to May went down 33 percent to NT\$33.1 billion (US\$1 billion) from NT\$44.1 billion (US\$1.4 billion) a year earlier. The company said that while the average selling price was expected to go down by single-digit percentage points sequentially, the second-quarter capacity utilization rate was projected by UMC at 60 percent, down from 63 percent in the first quarter.

Hong Kong

Telecommunications

- **The independent financial adviser working with Hutchison Global Communications Holdings (HGC) shareholders on the privatization offer has recommended that the shareholders vote for the deal.** In a document released, investment bank CSFB commented that, with Hutchison Telecom International Ltd (HTIL) not revising its offer for shares in the fixed-line telecommunications operator, it would be wiser for independent shareholder to exit from their holdings. If the shareholders take the cash payment, the offer would be valued at HK\$2.2 billion (US\$282.8 million). If they opt to for the share swap, the deal would come at about HK\$2.3 billion (US\$295.7 million). Shareholders of HGC will have to come up with a decision whether to accept the offer at a special general meeting.

Ventures/Investment

- **Hutchison Whampoa said it would cash some of its port assets this month in a sale to Singapore's PSA Corp.** The state-owned PSA will shell out about US\$800 million for 20 percent of Hong Kong International Terminals (HIT), a move that will leave Hutchison with a controlling 66.5 percent stake. Industry analysts are saying that Hutchison had to create a paper balance for the group's US\$25 billion in 3G telecommunications expenditures, which makes the deal much too attractive to ignore even if it involves a rival.

Mobile/Wireless

- **SIM Technology's initial public offering generated a strong response from investors so much so that the company, which had hoped to raise up to US\$100 million, can now expect to gather an additional US\$10 million, either through high pricing or by way of the issuance of additional shares.** The Hong Kong-based independent design house for mobile handsets intends to sell 25 percent of its expanded share capital. SIM, which earns most of its income from royalties, posted net profits last year of US\$25.5 million on sales of US\$200 million. The company said it would use the proceeds of the issue for research and development of 3G-handset technology and 2G GSM chipsets.

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- **Sunday Communications launched its network using a staggered approach, where there was just a wireless data card and no handset yet.** Analysts are saying this approach enables a testing of the performance of the network before launching the handset-based services. The company has announced that it will launch a full complement of 3G services in the second quarter, giving the company about three weeks to introduce multimedia content, voice services and handsets. Sunday Communications' wireless data card is made by Huawei Technologies, which holds also an 8 percent stake in Sunday. The same model is also being sold by SmarTone Telecommunications Holdings.
- **The government said it intends to introduce a two-tier regulatory framework for Internet telephony service providers, which would bring down strict rules for those planning to replace traditional fixed-line phones and a less rigid set of rules for those who do not.** For companies not intending to replace fixed-line phones, the regulations will be light, as the companies will only be required to provide full interconnectivity with mobile and fixed-line numbers in addition to calling line identification. These companies will also not get number portability. PCCW, with its fixed-line business to protect, has constantly reiterated that it should be paid when others use its Netvigator broadband network to deliver Internet telephony services. OFTA, however, has declared that no fee is due because the client has technically paid for the Internet connection. The market has, actually, outpaced the government's ability to pass regulations for the industry.

Internet

- **Despite the prediction that only the largest, as the browser and search engine wars have shown, would survive, a small Hong Kong firm, Fotobay.com, is ignoring the trend by launching its photo sharing and finishing service.** The tiny firm now counts in 5,000 members mainly in Hong Kong, the United States, Australia and Britain. The firm has an advantage over other start-ups: it can afford to take its time building a subscriber's base because it has a parent firm, eSolutions, which has a profitable business developing web-based recruitment and human resource applications. Fotobay also offers 50 megabytes of storage free.

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **Euronext and the Chicago Board of Trade (CBOT) announced their launching of a telecommunications hub based in Singapore to facilitate the transmittal of orders for their Asia-based clients.** The Singapore hub will offer a cost-effective method of accessing the CBOT's financial, equity, agricultural and metal markets as well as Euronext.liffe's interest rate, equity and commodity markets, according to CBOT. Pending approval of the Monetary Authority of Singapore, the hub is expected to be operational in the third quarter of this year.
- **Singapore Telecommunications (SingTel), with a backing from an alliance with Cisco Systems, said it is launching a unique security service suite with small firms, home offices and telecommuters in mind.** The Cisco-based services package is seen as broadening the adoption of secure, low-cost, managed broadband communications systems across the region. SingTel said it is targeting Hong Kong and Taiwan to begin this new service offering. Research firm International Data Corp disclosed that the key growth drivers of the security services market in the Asia-Pacific market excluding Japan are the "escalating threat perception among enterprises, growing use of Internet and e-commerce activities, and the increasing reliance on wireless networks and mobile computing." IDC

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estimates the region's security solutions markets to be valued at about US\$4.9 billion in 2008, up from US\$1.9 billion in 2003.

United States/Canada

Internet

- **Shares of Internet rivals Google and Yahoo went up; one of the factors that pushed up the broader technology sector after a report indicating that online advertising could reach US\$12.4 billion this year.** The two companies are expected to benefit from strength in search advertising. A report from Merrill Lynch states that search advertising will generate about US\$5.6 billion this year, a figure that will then increase more than twofold to US\$12.3 billion by 2009. Merrill Lynch raised its revenue estimates for the next financial year on Google to US\$5.2 billion from US\$5.1 billion, a prediction it makes amidst the tight competition in the industry. Smith Barney said that neither of the two Internet search companies shows any sign of slowing down. An analyst from Smith Barney indicated that strong growth in online advertising is the main reason behind Google's success, adding that Google could go beyond the traditional search business and expand its products to include music shopping.
- **Amazon unveiled its plans to open a new download store for audio books by asking publishers through its web site.** The company, however, did not disclose details such as launch date, or when such sales would start. Amazon was also quiet about the effect of this new service on its partnership with Audible, which remains the industry leader in sales of audio versions of books and other publications. For the past five years, Amazon.com customers need to click only on a link that directs them to Audible's web site, which allows them to download books that can be played on computers and other mobile devices. Under an ongoing deal, Amazon got a 5 percent stake in Audible, with Audible agreeing to pay Amazon US\$30 million over three years for its promotion of Audible content. Barnes & Noble, Amazon's rival in online book sales, does not have book download services.

Media, Gaming and Entertainment

- **Apple's iTunes online service may have overtaken many peer-to-peer web sites offering free music swapping among the U.S. Internet users but millions continue to download unauthorized songs, according to a survey.** The NPD Group said iTunes's pay-per-download store was tied with the file-swapping site LimeWire as the second most popular digital music service in March, with each group used by 2.1 million households to download music. NPD's study shows that older consumers are more likely to be deterred by the recording industry's anti-piracy litigation efforts but younger users, including university students, remain committed to free services. According to the survey, the top 10 music sites, in order of popularity, were: WinMX, iTunes and Limewire, Kazaa, BearShare, Ares, Galaxy, Napster, Morpheus, Real Player Store and iMesh.
- **IAC/InterActive Corp said that it has agreed to sell the company's stake in NBC Universal's entertainment assets for US\$3.4 billion, as the company moves further into Internet businesses.** Interactive Corp revealed it would sell its 5.4 percent stake in Vivendi Universal Entertainment to NBC Universal for stock and cash, which include 56.6 million InterActiveCorp shares valued at US\$1.4 billion. General Electric owns 80 percent of NBC Universal; Vivendi Universal, based in Paris, holds the rest. The agreement ends Delaware court litigation between InterActiveCorp and Vivendi, leaving Vivendi wholly owned by NBC Universal. InterActiveCorp would have an after-tax gain of about

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US\$330 million from the deal with NBC Universal, and would receive about US\$1 billion in cash after taxes, in addition to the InterActiveCorp shares.

Europe

Telecommunications

- **France has raised about 3.4 billion euro (US\$4.1 billion) by selling a stake in France Telecom.** The finance ministry said it sold 152 million shares, a move that is part of the government's debt cutting after voters rejected the European constitution. The sale reduced the government's stake in its former telephone monopoly by 6.2 percent to 34.9 percent. The ministry, however, has not yet stated whether it plans to sell shares in state-owned utilities Electricite de France and Gaz de France, originally planned for later this year.

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