

IRG WMR



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

Week of 3 July - 9 July 2005

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International

Internet

- **Women all over the world, except for those in Asia, are more likely to play online games than men, according to Global Digital Living.** Households in North America with Internet connection see 52 percent of women into online games each month compared with 39 of men. Among Internet households in Europe, 39 percent of women are into online games, compared with 28 percent of men. Australia has 53 percent of women and 27 percent of men. In Asia, gaming activities tend to be equal between women and men, at 49 percent and 50 percent. The study ascribes the gender equality in online gaming to many different variables, like game preferences, the popularity of genres, and the preponderance of gaming business models designed to encourage participation. The Global Digital Living project is a study of worldwide consumer technology trends, which surveyed Internet households in the United States, France, Italy, Spain, Germany, Canada, Taiwan, Japan, India, China, South Korea, Australia, and the United Kingdom.

Information Technology

- **Emerging markets, like China and India, are going to be the key instruments for IT development in the Asia Pacific region, according to IDC.** The study sees in the future Asia doing strongly in the IT field of professional services, which would have at the forefront development and integration as well as IT management and consulting. India's market was described as posting a 22.7 percent growth; China's market at 11 percent this year. Gartner said Hong Kong's IT services market would not have a high growth rate similar to the one it had last year. Posting a 3.8 percent growth, Hong Kong's position is clarified by Gartner as true to those so-called "mature IT services market. Hong Kong shares this quality with other mature IT services markets like Singapore and Australia. For IDC, however, China remains a robust model with a projected 14.1 percent compound annual growth rate for IT services through 2009. Market reform, mainland companies aiming to be more competitive in the international market and a high level of investment are some crucial elements that boost China's growth.

Japan

Internet

- **Yahoo Japan Corp. announced the opening of a version of its shopping portal for mobile phone Internet users.** Dubbed Mobile Yahoo Shopping, it can be accessed from Japan's major wireless Internet services. The service puts together some 2,000 merchants and 2 million items for sale following the estimates of Yahoo. Users of the cell phone version can search or browse for goods and retailers by category, a process that parallels that of the company's PC shopping site. While online shopping is popular in Japan, online shopping with the use of a cell phone has yet to gain popularity. A survey conducted by the government recently indicated that 89 percent of the respondents shopped online via their PCs, with 18 percent shopping online through the cell phone. The study also showed that consumers shopping online with their cell phones have low satisfaction levels, citing facility of use and security as among the factors that influence their level of satisfaction.
- **Online sales of investment trusts surged to almost 5.7 trillion yen (US\$50.8 billion) in fiscal 2004, a massive 89 percent increase, according to the Japan Securities Dealers Association.** Analysts ascribe the increase mainly to the expansion of investment trust lineups offered by online

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securities firms. Popular among the users were those targeting foreign bonds with monthly distributions. Online brokerages also announced that they have started offering proprietary products. Rakuten Securities Inc. offered a fund that invests in domestic growth stocks. Monex Beans said it would release an investment trust targeting hedge funds in Asian countries.

- **Companies in Japan shelled out a total of 181.4 billion yen (US\$1.6 billion) on online ads in 2004, a figure that represents a 53 percent increase on the previous year, according to Dentsu Inc.** The value of online ads are said to have gone beyond those of magazine ads if production costs are factored in, with the amount exceeding those spent for radio ads for the first time. The rise of online media firms with strong stock market presence, like Yahoo Japan Corp with a market capitalization at over 3 trillion yen (US\$26.7 billion), is helping the competition in the domestic advertising market grow stronger and had a part in the restructuring of the media business in the country. The domestic advertising market is worth about 6 trillion yen (US\$53.4 billion)
- **Creek River and Co. forecasts its consolidated pretax profit to climb 85 percent on the year to a quarterly record of about 100 million yen (US\$891,000) for the March-May period, citing strong demand for magazine and web site production.** The overall revenue of the company is predicted as posting a 30 percent increase to 2.7 billion yen (US\$24 million). The company's web-based services are forecast to have a 20 percent increase in revenue to 600 million yen (US\$5.3 million). The company expects its game segment to go beyond 200 million yen (US\$1.7 million) in revenue.
- **Three Internet advertising companies are expected to report increases in group pretax profits and sales this fiscal year as strong growth in the market continues.** Cyber Agent Ltd.'s group pretax profit for the year ending Sept. 30 is expected to climb 31 percent to 2.3 billion yen (US\$20.5 million), with its sales going up 50 percent to 40 billion yen (US\$356.5 million), with the increase ascribed to the demand for its e-mail and web site offerings as well as the popularity of its search engines. Opt Inc.'s group pretax profit is seen making a 27 percent increase to 630 million yen (US\$5.6 million) for the year ending Dec. 31. Septeni said its group pretax profit would grow 47 percent to 900 million yen (US\$8 million) for the year ending Sept. 30.

Mobile/Wireless

- **Softbank Corp. and eAccess Ltd. asked the Ministry of Communications for larger frequency bandwidths to new entrants to the cellular phone industry even as existing mobile service providers expressed the opposite.** Softbank's position was for the expansion of the frequency spectrum allocation to new entrants to at least 10MHz instead of the proposed 5MHz, while eAccess wants the ministry to lower its conditions for assigning additional frequencies to a new entrant from 500,000 users per 1MHz band to 300,000. NTT DoCoMo Inc. and KDDI Corp. want tougher assessment criteria for the new entrants while Vodafone KK is for the ministry to allow only one newcomer instead of two.
- **Factors like 3G technologies and fixed-rate data communication plans are pushing companies in businesses related to mobile phones to go into advertising operation.** Mobile Media Pavement Ltd., a developer of media for mobile phones, is initiating ad operations, with advertising to be posted on contracted sites. Cybird Co. said it will usher this fiscal year full-scale e-mail advertising operations. Through the advertising, mobile phone users will be able to access sites of advertisers.
- **NTT DoCoMo has the biggest subscriber increase in June among Japan's mobile phone carriers, with the company attributing the growth to its 3G business.** The company said it had 176,5000 more subscribers to its mobile phone services in June, bringing the haul to more than 49 million customers at the end of the month. KDDI Corp. with 18.7 million customers came in second,

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its customer growth in its 3G segment compensating for the loss in its 2G segment. The Japanese unit of Vodafone Group Plc. also disclosed that its customer base went up for the first time in six months in June, with the bulk coming in through its 3G services. The company had 5,300 subscribers in June, which brings the total to about 15 million users at the end of the month.

Media, Gaming and Entertainment

- **The market for Chaku-Uta, which refers to the use of actual songs, recorded by artists for cellular phone rings tones, posted 20.1 billion yen (US\$179.1 million) in 2004, according to the Mobile Contents Forum.** NTT DOCOMO INC. KDDI CORP. and Vodafone KK explain the increase as the effect of the introduction of flat data transmission rates. The proliferation of mobile phones is also acknowledged as the reason for the good financial performance. The report noted that growth in the market for conventional ring tones is diminishing. The Chaku-Uta market went up to some 20 billion yen (US\$178.2 million).

Hardware

- **YE Data Inc. announced that it is increasing its production of memory card reader and writers in China by 30 percent for the purpose of meeting the demand from personal computer manufacturers.** The company said its production of readers/writers with four slots compatible with six to eight types of memory cards. The PC peripherals manufacturer made 100,000 units at its Shenzhen plant with the company targeting an increase to 130,000.
- **Creo Co., a computer system developer, made known its plan to double its group revenue to 22 billion yen (US\$196 million) by fiscal year 2007.** Creo points to the increase in orders from Yahoo Japan Corp., its parent company since January, as one of the reasons for the change in its target. The company is targeting 1.8 billion yen (US\$16 million) billion yen in pretax profit, which is a turnaround from its pretax loss of 416 million yen (US\$3.7 million) in fiscal 2004. The company said its revenue generated from the development of computer systems for Yahoo Japan is forecast to climb to 5 billion yen (US\$44.5 million) by the end of the year.
- **NEC Electronics Corp. unveiled the development of a part of multifunctional chips for DVD recorders that combine features that up until this product have been done by separate chips.** The new devices will result to DVD makers using fewer chips and thereby lowering their manufacturing costs. The device is priced 40 percent lower than the set of chips currently needed. NEC said it aims to mass-produce the device at the beginning of fiscal 2006 at a rate of 300,000 chips a month.

Semiconductors

- **Expecting a net loss of 6.5 billion yen (US\$58 million) on revenue of 145 billion yen (US\$1.2 billion), NEC Electronics said it was lowering down its earnings prediction due to poor chip sales.** The company changed its six months to September forecast from a predicted profit of 500 million yen (US\$4.4 million) to a net loss of 7 billion yen (US\$62.3 million). The semiconductor unit of NEC marked down its sales to 315 billion yen (US\$2.8 billion) from the original forecast of 340 billion yen (US\$3 million).

Information Technology

- **Four companies providing information technology support services to small and midsize businesses are forecast to have double-digit growth in consolidated tax profit for the current fiscal year.** For Nexus Co., its group pretax profit is expected to have a 20 percent increase to 3.6

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billion yen (US\$32 million) for the year to March 2006, with the growth spurred by sales of web site creation software, server leasing and net-based customer introduction services. GMO Internet is seen as posting a 43 percent increase in consolidated pretax profit for the year through December 2005. Telewave is predicted to have a 54 percent increase in group pretax profit for the year through March 2006. Estore is hoping to see a 76 percent gain in parent-only pretax profit for the year, which is explained by growing e-commerce support services for smaller retailers.

Korea

Internet

- **Headed by Dacom Corp., an organization of South Korean companies disclosed that it has begun a trial run of a unique service, which offers communications, broadcasting and “extremely” high-speed Internet with speeds of 50-100Mbps (a speed 50 times faster than current broadband services.** The convergence broadband network (BcN) service will be accessible initially in five South Korean cities. The group said the services would be available to 400 subscribers in Seoul, Busan and three other cities. By September, similar BcN will be introduced by KT Corp and a consortium led by Hanaro Telecom.

Hardware

- **L.G.Philips LCD Co. and its two biggest shareholders said they may dispose of stock worth as much as US\$2 billion, which could make the deal the second-biggest technology equity sale in Asia this year after Chungwa Telecom Co.’s proposed US\$2.8 billion ADR sale.** Company filings show that LG.Philips applied to sell as much as US\$1.4 billion of new American depositary receipts this quarter. Philips may sell as much as US\$300 million of U.S.-traded shares and LG Electronics may sell a similar amount of Korean stock, as the filings indicate. The company revealed its plans to boost investment by about 20 percent to 4.6 trillion won (US\$4.4 billion). It is building new plants that industry watchers see as the company’s way of keeping up with Samsung Electronics and AU Optonics Corp. ABN Amro Holding NV, Citigroup Inc., Morgan Stanley, and UBS AG are managing the sale.

China

Internet

- **At the end of 2005, there will be about 33.6 million subscribers of broadband Internet services in China, according to projections arrived at by Taiwan’s Industrial Technology Research Institute (IEK).** The study said about 70 percent of the subscribers will be composed of ADSL-users. Demand for ADSL2+ is expected to increase at the end of the year. The study also said that China’s market for broadband networking equipment would reach a value of 29.9 billion yuan (US\$3.6 billion), which is a 19.4 percent increase from 2004. IEK also noted that China would need some 17 million kilometers of fiber-optic cable, representing a 13.3 percent increase from 2004. The country will be requiring optical communication equipment valued at 14 billion yuan (US\$1.7 billion).
- **Survey says Chinese people are now spending more time surfing the net than watching TV, with 2.7 hours devoted to surfing the Internet and 1.2 hours for TV viewing.** The study conducted by the Chinese Academy of Social Sciences (CASS) found that 79 percent of the respondents use the Internet for information, with 55.1 percent saying they prefer to access the news

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via the Internet. Only 10.4 percent said they use the Internet for e-mails. The survey also said 62.2 percent of the respondents often play online games. More and more people, according to the study, are getting interested in online entertainment. Part of the survey was the ranking of the top major web sites in the Chinese language, with Sina topping the list, with 39 percent of respondents selected it as the best. Following Sina were Sohu, Netease, Baidu and Yahoo.

- **With the slowing of growth in the U.S. home market, eBay announced its plans to launch its PayPal payment service in China by the end of this year.** The company got its access to the market by way of its acquisition of local online auctioneer EachNet. One of the world's fastest growing sites for e-commerce, China is acknowledged already to be the world's second-largest Internet market following the U.S. With PayPal, ebay is tapping into a country whose population of online shoppers is expected to reach 16.2 million by 2007, with a forecast 29.6 billion yuan (US\$3.6 billion) in annual spending.
- **UFIDA Software Co. Ltd, considered the largest Chinese business software company, and Sina.com, China's leading media online company, announced their setting up of a nonprofit online platform.** Named "One Hundred Questions, the online platform is related to Enterprise Resource Planning (ERP) and has the objective of promoting ERP use through an interactive online question-and-answer module. Industry experts note that the web does tracking as well as providing insight on the latest developments in ERP innovations.
- **With what is considered to be the first one for a mainland Internet firm this year, Baidu.com is expected to make a US\$220 million IPO in NASDAQ at the end of July.** It is predicted that the company will put up US\$800 million worth of shares for sale, with the newly issued shares making up 25 percent of its total capital stock. Recently, Baidu has been the focus of attention of Google, which has a 4 percent stake in Baidu. The Google and Baidu tandem's combined account makes up 69 percent of all Internet searches in China, according to market research firm iResearch Consulting.

Mobile/Wireless

- **UTStarcom, Inc., a company engaged in IP-based, end-to-end networking solutions and services, announced the signing of infrastructure contracts with China Netcom Group (CNC).** Valued at US\$67 million, the contract will allow UTStarcom to do the expansion of the operator's existing IP-based Personal Access System (IPAS) in the provinces of Heilongjiang, Liaoning and Shandong as well as in Beijing and Inner Mongolia. In the past, UTStarcom has worked with China Telecom, China Netcom, China Mobile and China Unicom in their SMS interoperability across the operators' network. UTStarcom Inc. is a global company that sells its broadband, wireless, and handset solutions to operators in both new and established telecommunication markets in the world.
- **Gansu Telecom and Shandong Netcom, provincial subsidiaries of China Telecom and China Netcom respectively, awarded a Personal Handyphone contract System (PHS) network expansion contract to Lucent Technologies.** The expansion is expected to enable the two telcos to increase significantly the capacity and coverage of their networks and allow them to introduce a variety of next-generation services like multimedia messaging, high-speed wireless Internet access and location-based services to their subscribers. The agreements bring the first deployment of Lucent's Anypath Messaging System in China. In Gansu, the contract covers 1.7 million subscribers while in Shandong the contract will support about 5 million subscribers.
- **Dragon Venture (DRGV) announced that Shanghai Cnnest Technology Development Company, Limited (Cnnest) has launched a new commercial mobile Internet application based on 3G wireless technologies for hotel reservations.** The new application of Cnnest would

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enable users to view price and availability for a large percentage of hotels in China before they make a reservation. The application also allows a system in which booking is done via cell phone. Cnnest, a subsidiary of Dragon Venture, has submitted the new mobile Internet application to Tencent Holdings Limited for testing and final approval for use with China Mobile.

- **Nokia said it is increasing its efforts become one of the top three vendors in China's CDMA mobile phone market even as no timetable for that plan was specified.** The firm has been lagging behind Motorola in China for a long time although around the world Nokia has not really been far behind Motorola, which remains its closest rival. Nokia already said it plans to introduce six CDMA phone models in China, mentioning that one model is especially manufactured for the China consumers. Nokia also disclosed that it has been discussing matters with China Unicom for partnership although no details were given about what kind of cooperation it is seeking to establish. Nokia, however, mentioned that it would definitely increase R&D activities on CDMA in China.

Hardware

- **Latest data from iSuppli indicates that the Lenovo Group, the leading PC maker in China, would rank as the ninth-largest OEM semiconductor buyer in 2005, with the forecast stating that chip purchases in 2005 would reach US\$4.3 billion.** The iSuppli prediction describes Lenovo's ranking soaring to No. 9 in 2005 from its 36th place in 2004. The new status puts Lenovo in the same league as the No. 1 Hewlett-Packard and No. 2 Dell in terms of chip buying. The report also says that China's continued advancement in the global electronics industry will cause the rise of more companies from the country to move their way onto the frontline. The same report states that IBM is expected to move out of the top 10 down to No. 16 in 2005 from its No. 9 position in 2004.
- **BOE Technology Group, a Beijing-based electronics company, said it would issue H-shares in Hong Kong's main board in one year, with the aim of raising about HK\$2.5 billion (US\$321.5 million).** The company said it would use the funds to be raised in repaying bank loans and updating the company's thin film transistor liquid crystal display (TFT-LCD) production base. BOE is the largest producer of TFT-LCD devices in Mainland China and ranks No.9 in the world listing.

Semiconductors

- **Ningbo Integrated Industrial Park, recognized by the Ministry of Information Industry as belonging to the first group of the state-level electronic information industrial parks, will become a core technology provider for the IC industry in the southern part of the Yangtze River Delta.** Already, the park has formed a full industrial chain that includes the production of integrated circuit chips as well as the designing, packaging and testing of ICs. The Ningbo Bonded Zone Administration, of which the Ningbo IC Park is a part, revealed its plan to invest 1.5 billion yuan (US\$181 million) in IC and other industries with a targeted output value of over 20 billion yuan (US\$2.4 billion) annually.

Telecommunications

- **Lucent Technologies announced its winning of a contract to supply Qingdao Netcom with Lucent's Metropolis ADM Multiservice Transport Platform (MSTP).** The contract, which is worth US\$1.2 million, will allow Lucent to help Qingdao Netcom with the future development of its next-generation network. Qingdao Netcom, a subsidiary of China Netcom, is undertaking an optical transmission network expansion as part of China Netcom's Intelligent Network Project, aimed at lessening the network congestion. When completed, the expanded network of Qingdao Netcom will

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allow it to meet the growing demands for higher network capacity, reliability and scalability, and create opportunity to offer new revenue-generating data services, which could include Gigabit Ethernet.

- **Telefonica of Spain said it has agreed to pay 240 million euros (US\$286.4 million) for a 3 percent stake in China Netcom, a move that also marks the entry of the world's third-biggest telecoms group in terms of market value to China.** Telefonica disclosed that it had signed a broad strategic alliance with Netcom, China's second-largest fixed-line operator. In a situation where international groups are banned from operating networks or offering value-added services, Telefonica did not focus on the financial aspect of the deal but rather on what they could learn from the Chinese market. Under the agreement, the two companies are expected to work together on equipment purchasing, research and development, marketing and business strategies.

Information Technology

- **First Data Corp. (FDC), the global e-business and payment service giant, is positive about the increasing growth of China's banking card market and how it will bring about big business opportunities.** Compared to the other parts of the world, there is an observable rapid increase in the use of banking cards in China. Numbers from China Unionpay indicate that there were 762 million bankcards used in 2004, which represent a 17.4 percent increase on the same previous period. Transactions using bankcards as well as credit and debit cards posted dealings worth about 26 trillion yuan (US\$3.2 trillion). FDC said it is optimistic that the Chinese consumers will become adapted to e-transactions with the opening up of China's banking industry come 2007.

Taiwan

Semiconductors

- **Taiwan Semiconductor Manufacturing Company (TSMC) disclosed that its June revenues posted a 3 percent increase from May to NT\$10.1 billion (US\$1.2 billion), while United Microelectronics Corporation (UMC) saw its revenues go up 2.1 percent from May to NT\$6.6 billion (US\$797.4 million).** The two foundries said their revenues decreased compared to June last year: TSMC down 10.7 percent and UMC posting a decline of 36 percent. TSMC also announced that, for the first half of this year, it had accumulated revenues of NT\$114.1 billion (US\$13.7 billion), which is a 6.7 percent decline on year. UMC's accumulated revenues of NT\$39.7 billion (US\$4.7 billion) represent a 27.1 percent decline on year.

Hardware

- **AU Optronics announced its signing of a patent cross-licensing agreement with Sharp, following a similar partnership it had with IBM.** Under the agreement, the two companies will be allowed to use each other's patents on thin-film-transistor liquid crystal display (TFT-LCD) panels for personal computer applications. AU Optronics' deal with IBM has given AU Optronics access to dozens of TFT-LCD-related patents. Ranked third in the world, AU Optronics posted a net profit of NT\$27.9 billion (US\$869.1 million) in 2004.

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Hong Kong

Mobile/Wireless

- **China Mobile announced a new revenue-sharing arrangement where it would keep a larger share of revenue from non-voice services.** The company said it would keep 30 percent of gross revenues on SMS and other value-added services from its partners. In return, China Mobile will help its partners with after-sales and support services. Sina.com and Tom Online presently get 85 percent of gross revenues from messaging and value added services to China Mobile users. Service providers have the option of retaining the 85-15 sharing arrangement. The aim of China Mobile is to gain more control over services offered on its network, a move that is crucial to brand management.

Telecommunications

- **Hutchison Telecommunications International Ltd (HTIL) disclosed its sale of a 3.4 percent stake in its unit, Hutchison Max Telecom, to Essar Teleholdings.** The deal was priced at HK\$480 million (US\$61.7 million), which HTIL said would be used for debt reduction. Essar, an HTIL partner, obtained the option when it transferred its interests in some Indian units to Hutchison Max in 2003. Hutchison Max is a holding company of five Indian telecommunications operators. With 8.2 million subscribers at the end of May, Hutchison Max is No. 4 among the mobile-phone service provider in China.

Singapore/Malaysia/Philippines/Indonesia

Internet

- **Pacific Internet Limited announced that Kingsville Capital Limited, which represents a group of investors gathered by Titan Capital, has completed its acquisition of SembCorp Industries Ltd's stake in Pacific Internet.** The disclosure said Kingsville has acquired from SembCorp, 3,829,373 shares, with the Infocomm Development Authority of Singapore approving the acquisition. Pacific Internet Limited or PacNet is the largest telco-independent Internet Communications Service Provider in terms of geographical coverage, with direct presence in Singapore, the Philippines, Malaysia, Thailand, India and Hong Kong.
- **Cal-Comp Electronics, an EMS subsidiary of Compal Group of Taiwan, said it would take a 7 percent stake in Singapore-based Bluetooth solution provider B2CL for US\$500,000.** The company said B2CL's Bluetooth and radio frequency technology complements Cal-Comp's manufacturing capacity. Market sources put forth an estimate, which shows Cal-Comp's shipment of Bluetooth headsets totaled 3 million units. It is expected to post revenues of US\$19.2 billion in 2005.

United States/Canada

Mobile/Wireless

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- **Sprint is continuing to push for the next-generation WiMAX technology with its announcement of a joint testing with Motorola on wireless broadband.** The companies said they would do laboratory testing of base station equipment, smart antenna technology and multimedia handsets. Field trials in some locations will be done in a run-up to customer demonstrations and more studies for market applicability. In the collaboration, Motorola will be using its experience with wireless technology innovation, IP core switching and wireless with the aim of helping Sprint validate next-generation wireless opportunities.
- **Broadcom, a communications chipmaker, said it has filed a lawsuit against Qualcomm, a company into next-generation wireless communications technology.** The complaint of Broadcom stems from Qualcomm's alleged use of third-generation patents and involves Qualcomm's WCDMA technology, which violates U.S. antitrust laws. According to Broadcom, when the international industry groups were finalizing wireless broadband standards Qualcomm stated that it would license its WDMA patents. Broadcom alleges that when the Universal Mobile Telecommunications System was put in place, Qualcomm reneged on its commitments. Broadcom manufactures its own UMTS chipsets that, without license agreements, are locked out from the market.

Software

- **Concerto Software said it is buying Aspect Communications, a U.S.-based company that manufactures software for call center use, in a move that shows the continued flow of private equity capital into the software business.** Priced at US\$1 billion, the acquisition is expected to create the largest company specializing in call center software. Industry observers note that enterprise software companies have recently become the target for private equity firms simply because they consistently bring in maintenance and service revenues. Maintenance by itself makes up more than half of the total revenues at most established enterprise software companies whose products are purchased generally by large corporations.
- **Amdocs, the leading provider of telecoms billing system software and services, announced the purchase of DST Systems' Video/Broadband/Cable/Satellite TV Customer Care and Billing business.** DST Systems Inc. provides information processing, computer software services and business solutions to the financial services, communication, video/broadband/satellite and healthcare industries. DST Systems posted operating revenues of US\$183 million in 2004 and US\$45 million during the first quarter of 2005. The deal worth US\$238 million in cash is expected to push Amdocs to an expansion of its broadband cable and satellite industries. Amdocs counts among its customers BT and Vodafone in Europe and Verizon Communications and Cingular in the U.S.

Media, Gaming and Entertainment

- **The Walt Disney Internet Group (WDIG) revealed the launching of a U.S. nationwide cellular phone network with family-oriented content.** Under the offering, Disney would be using Sprint as a mobile virtual network operator (MVNO). The arrangement will have Sprint providing the cellular infrastructure, while Disney will take care of all the other aspects such as content development, marketing, billing, and customer support. For Disney this is not the first time it is making this offering involving the cellular business. Presently, it has an agreement with Japan's NTT DoCoMo to provide Disney-branded content such as ring tones and graphics. The company said it is also launching an MVNO targeted at sports fans with one of its units, ESPN.
- **Intel reported the investment it has made in ClickStar, a new digital entertainment company offering films for downloading over the Internet.** ClickStar has an online service that would allow the accessing and downloading for a fee first-run, pre-DVD-release films and artist-created

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entertainment channels in their homes. The whole project, according to ClickStar, is meant to give filmmakers a medium to link up directly with fans. Industry observers say the approach will form a new business model that would open new revenue opportunities for those in the film industry. Intel joins the project with Revelations Entertainment.

Information Technology

- **Philips, a global company in consumer electronics and in the design, manufacture and marketing of medical systems, announced that it has agreed to acquire Stentor, a U.S.-based leader in the management and storage of digital medical images.** The deal was valued at US\$280 million in cash. The move is seen as part of the group's strategy to strategically heighten its presence in the healthcare sector. Philips said the acquisition would give it an increased share of the medical IT systems business, which is described as a growing business worth about US\$24 billion a year.

Europe

Internet

- **France Telecom and Microsoft announced their collaboration on the development of Internet telephony and technology to be used for video and data distribution over telephone lines.** One alliance project includes a series of Microsoft software-based phones utilizing Internet technology. The handset is a cell phone that is capable of switching to a wireless Internet network at home. The other collaborative project involves the development of software that enables operators to provide voice, video and data services to consumers.
- **A report on the current system for music copyright holders on the Internet that focuses on the need to set up cross-border copyright management is about to be released by the European Commission.** Without the guideline, an Internet service provider offering music by way of the Internet has to reckon with 25 different copyright laws systems and structures. The release of an official guideline is expected to boost competition in the cross-border copyright management. The proper system is seen also as increasing earnings for those who hold copyrights.

Software

- **Ignoring big companies that pushed strongly for its adoption, the European Parliament announced its rejection of a proposed law that would have created one way of patenting software in Europe.** European lawmakers explain the position by stating that the law would prevent growth of enterprise. A single system for software patenting has been viewed also as not promoting innovation. The statement said that patents would continue to be handled by national patent offices, which could lead to different notions about what needs a patent and what does not – which all would happen outside judiciary control. Given their need to invest in research and developments, giants like Nokia and Siemens have worked hard for the law to be passed. At the other end of the spectrum are those advocating open sources that believe that patent laws benefit only the software giants and lead small businesses to bankruptcy.

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