

IRG WMR



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

Week of 9 July - 15 July, 2006

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Equity Market Indicators					
Index	Closing Level (07/14/2006)	% Change 1 Week Ago	% Change 1/1/2006	% Change 1/1/2005	% Change 2005 Low
S&P 500	1,236.20	-3.0%	-1.0%	2.0%	8.7%
Dow Jones Industrial Avg.	10,739.35	-4.3%	0.2%	-0.4%	7.3%
Dow Jones Tech. Index	338.50	-6.3%	-9.8%	-4.7%	8.4%
Dow Jones Telecom. Index	204.85	-4.1%	1.6%	-5.9%	3.9%
NASDAQ Composite	2,037.35	-5.5%	-7.6%	-6.3%	7.0%
The Street.com Net	194.76	-4.4%	-7.4%	-6.5%	11.6%
Japan Nikkei 225	14,845.24	-3.0%	-7.9%	29.2%	37.1%
JASDAQ	94.71	-5.3%	-27.3%	4.8%	4.5%
Japan Mothers	1,303.26	-8.3%	-48.8%	-24.3%	-25.0%
Korea KOSPI Composite	1,255.13	-1.5%	-9.0%	40.1%	44.1%
Korea Kosdaq	559.66	-2.3%	-19.0%	47.2%	43.4%
Taiwan Stock Exchange	6,428.03	-3.5%	-1.8%	4.7%	14.1%
Singapore Straight Times	2,363.55	-3.3%	0.7%	14.4%	14.6%
Hong Kong Hang Seng	16,135.71	-1.7%	8.5%	13.4%	20.8%
Hong Kong GEM	1,148.64	-2.0%	14.0%	16.2%	33.0%
China Shanghai (A-Share)	1,750.85	-3.6%	43.4%	31.6%	64.8%
China Shenzhen (A-Share)	442.84	-3.8%	52.7%	34.7%	81.0%
China Shanghai (B-Share)	90.94	-3.6%	46.6%	20.2%	77.1%
China Shenzhen (B-Share)	288.86	-1.2%	47.7%	31.4%	54.9%

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Technology, Media, Telecommunications and Life Sciences Market Activity

NASDAQ/NYSE TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 7/14/06	% Change From Offer
7/10/06	Acsent Solar Technologies [ASTIU.US] NASDAQ	Researches flexible photovoltaic products suitable for outer space and near-space applications	US\$16.5	US\$5.50	US\$5.25	-4.7%

Asian Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 7/14/06	% Change From Offer
7/12/06	International Games System Inc. [3293.TT] GRETAI	Plans, designs, develops, manufactures, and markets software and hardware for arcade, PC and online internet games	US\$16.5	NT\$120	NT\$155	25.0%

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Asian Markets: TMT and Life Sciences Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
7/14/06	Hosokawa Micron Corp [6277.JP]	Manufactures particle, powder and thermal processing machinery used to produce a diverse range of industrial and consumer end products	9/30/11	US\$34.5	1,362	9/29/11
7/14/06	K& Media Co., Ltd. [037830.KS]	Develops software related contents for online and other cyber education as well as maintenance service	7/18/09	US\$10	15,384	6/18/09
7/13/06	Good EMG Inc. [051530.KS]	Manufactures LED displays and lamps used in electronic products as well as LCDs and remote controls	7/31/08	US\$5.3	6,493	6/30/08
7/12/06	Tiniatek Co [052290.KS]	Develops software for e-business infrastructure. Applications are for e-commerce, web infrastructure, customer service infrastructure, and system integration	7/18/09	US\$2.1	9,708	6/18/09
7/11/06	CSK Corp [9737.JP]	Provides computer related services such as system and software development, information services, and consulting	9/30/13	US\$303.5	1,153	9/27/12

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Weekly Highlights

International

Information Technology

- **A U.N.-backed forum is set involving policymakers and IT experts to discuss on how to best use technology to battle poverty and unemployment.** The forum is called the Global Alliance for Information and Communication Technologies and Development and looks to involve governments, businesses, and civic groups to boost the use of information technology in reaching development targets. Aside from representatives from various U.N. institutions and commissions, the meeting will include companies such as Cisco, the U.S.-based network equipment maker, and Nokia, the world's largest maker of cell phones.

Japan

Mobile/Wireless

- **A panel of the country's Ministry of Internal Affairs and Communications proposed that two major mobile phone carriers, NTT DoCoMo Inc. and KDDI Corp., open their networks to newcomers to ensure fair competition.** The panel also suggested that the Nippon Telegraph and Telephone Corp. group's next-generation telecommunications network should be opened to other carriers. According to the panel's proposals, NTT DoCoMo and KDDI, each of which holds over 25 percent of Japan's mobile phone market, should be obliged to lease their communications networks to other carriers, if there are empty frequency bands available.

Hardware

- **As the Blu-ray Disc (BD) format gains wide acceptance, Sony forecasts a sharp increase in demand for High Definition (HD) video contents on BD.** This development is cited by Sony as providing it the impetus to introduce an integrated suite of services to support BD production from HD video shooting, editing and authoring necessary for transferring HD content to disc to disc mass production and packaging. Sony PCL has established an exclusive BD authoring studio that provides authoring services compatible with the BD-ROM standard. The studio provides maximum technological support to bring out the full attractiveness of HD video. Services include support for shooting and editing of HD content, high-level mastering, menu/subtitle creation, and authoring. Services extend from disc production to creation of disc cases/jackets, accessories, and packaging. Sony PCL is responsible for video-related software while Sony Music Communications is responsible for music-related video software.
- **NTT DoCoMo, Inc. and Aquafairy Co. announced their partnership on the joint development of a micro fuel cell for 3G FOMA handsets.** This agreement follows their development of a polymer electrolyte fuel cell (PEFC) that has proven effective in a prototype recharger. The fuel cell is the smallest in the world with power output of 2 watts. The recharger combines DoCoMo's recharger technology with Aquafairy's thin film power unit technology and catalyst for producing hydrogen from water. The simple hydrogen-producing mechanism and power units make the recharger less than one-fourth the size and more than twice as powerful as the methanol fuel cell prototype. The easily portable recharger can charge a handset several times, and the recharging time is approximately the same as an AC adapter. Demands for power consumption have risen with new FOMA services and

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features. To meet these demands, DoCoMo has worked on increasing the capacity of lithium-ion batteries, the most common battery in handsets today, and developed a direct methanol fuel cell recharger. Now, the company is also exploring the possibilities of PEFCs, which have higher power density than methanol cells and less environmental impact since they convert water into hydrogen.

Semiconductors

- **NEC Corporation announced that it has succeeded in developing new magnetoresistive random access memory (MRAM) cell technology suitable for high speed memory macro embedded in next generation system LSIs (Latent Semantic Indexing).** The newly developed cell technology includes three key elements; a 2T1MTJ (two transistors and one magnetoresistive tunneling junction) cell structure to accelerate write mode cycle time, a 5T2MTJ cell structure to accelerate read mode cycle time and a write-line-inserted MTJ to reduce write current. The new cell technology realizes value added, non-volatile MRAM macros that can be substituted for SRAM (static random access memory) macros embedded in system LSIs. NEC said its research is partially supported by the New Energy and Industrial Technology Development Organization's (NEDO) MRAM technology development project for realization of high-speed and non-volatile memory macro embedded in system LSIs.

Korea

Internet

- **Daum Communications announced that its U.S. subsidiary Lycos had signed a deal to transfer its financial service and IT news business units.** Under the deal, Daum said it sold Wired.com, a supplier of IT news, to U.S.-based CondeNet for US\$250 million in order to focus on its core business, such as multimedia contents services. Analysts said the move of the company may lead to the streamlining of the Internet business in the U.S. or sale of Lycos. Daum said that it completed reshuffling of overseas business units when it sold Quote.com, but the Wired News sale came in less than 6 months. The company said that it would boost its efforts to provide multimedia services such as Internet telephony through Lycos. Last month, Lycos unveiled a test version of on-demand multimedia services through which subscribers can view TV programs and movies. Lycos has 9 service brands in the U.S. including Tripod, Angel Fire, and Planet.
- **KT Corporation, South Korea's largest fixed-line and broadband carrier, said it has called for the government to speed up introducing Internet Protocol Television (IPTV), claiming that a one-year delay would cost the nation about 1 trillion won (US\$1 billion).** Observers note that the country has been slow to adopt the cutting-edge services largely due to the protests and lobbying efforts from terrestrial TV and cable service providers, who fear their market share may decline and profits shrink. KT and other telecom operators with solid IP infrastructure want to use their facilities to expand their service coverage and broaden income bases. Korea is now expected to allow operators to launch IPTV as early as in 2007, and KT plans to invest 300 billion won (US\$319 million) into IPTV infrastructure this year for a faster service launch.
- **Korea is seen as joining the mobile auctions market with the launching of the mobile version of Internet Auction, the country's top online auction.** The site is a wholly owned affiliate of eBay, which entered into a partnership with SK Telecom to offer the auction-on-the-move service. South Korean wireless carriers have tried to offer online auction services to users with web enabled phones in various ways but this is the first time that a full-fledged mobile auction feature has debuted. Internet

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Auction said it will provide SK Telecom clients with instant access to bid by way of Nate, its mobile platform. After proving the viability of mobile auctions with SK Telecom, Internet Auction disclosed it will seek to expand its business to other wireless operators. SK Telecom, with a pool of some 20 million customers, is the industry leader in the country's wireless telephony market, ahead of players like KTF and LG Telecom. Experts project that the auction will work well on the mobile Internet because of the time-sensitive nature of the service.

Media, Entertainment and Gaming

- **A study made by San Francisco-based Pearl Research reveals that 79 percent of all South Korean households own a computer, and 12 million out of 15 million households utilize broadband.** There are more than 20,000 Internet cafes existing in the country, the report said, further represents its strong IT culture. The study predicts that the online PC games market will be valued at over US\$1.2 billion this year, driven by casual, easily accessible games that can be played in less than 10 minutes. The research firm says that over 30 percent of the online games market is made up of casual games, which attract females over 30. As for the console and handheld market, Pearl believes that online game play, "culturally relevant and localized software," increased market investment and next generation consoles will drive the growth of the US\$160 million segment. The study indicated that, as with many other regions, mobile gaming is on the upswing in South Korea, where the market is expected to exceed US\$275 million this year. Advancements in technologies, marketing and 3D games are likely market drivers. The study noted that there will be the inhibitors of growth, which would include an influx of derivative titles, piracy, and rising development costs. South Korea is home to some notable game companies, including NCsoft and Phantagram, with major players Nintendo and Activision recently setting up shop in the region.

Mobile/Wireless

- **LG Telecom, the country's No. 3 mobile carrier, is expected to lose its 3G license in line with the decision of an advisory panel at the Ministry of Information and Communication (MIC).** The 20-member panel, and non-standing commission affiliated with the MIC, stated that it has asked the information ministry to rescind the 3G license of LG Telecom. The MIC plans to make the final judgment on the issue soon and it's projected to be in accordance with the recommendations of the panel, composed of top telecom and law experts. The resolution came as LG Telecom had failed to comply with its commitment to start 3G services in the 2-gigahertz bandwidth by the end of last month. LG Telecom admitted that it was unable to fulfill its promise for some reason even as it announced its plans to upgrade its current 1.8GHz network. It cited the technological trends in the global wireless market as its reason for not investing in the 2GHz bandwidth. LG Telecom got the 3G license in 2001 for 1.1 trillion won (US\$1.1 billion) and has so far paid 220 billion won (US\$230 million).

Software

- **Samsung Electronics Co.'s announced that its second-quarter net profit posted an 11 percent decline, which the company attributed to a slack demand for its mobile phones.** The company, however, said its future earnings would be boosted by strong sales of its latest models. Samsung reported profit of 1.5 trillion won (US\$1.5 billion) on sales of 14.1 trillion won (US\$14.7 billion) during the three months ended June 30. It reported a 3.8 percent rise in its sales. It was the first time in three quarters that profits had declined. Samsung, which ranks third worldwide in mobile phones, said that handset sales declined 4 percent from the same quarter last year to 4 trillion won (US\$4.1 billion) and fell 8 percent from the previous quarter. In a related development, Samsung announced

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that it's working with Japan's Sony Corp on the expansion of LCD production in a joint venture in South Korea.

Hardware

- **LG.Philips LCD, the world's second-largest maker of LCDs, reported a record loss of 322 billion won (US\$336.6 million), compared with the profit of 41 billion won (US\$42.8 million) it posted a year earlier.** The company reported sales, including its subsidiaries overseas, climbing to 2.3 trillion won (US\$2.4 billion), with its operating loss hitting 372 billion won (US\$389 million). LG.Philips said it plans to invest about 3 trillion won (US\$3.1 billion) this year, which slashes its earlier budget of 4.2 trillion won (US\$4.3 billion). The company had earlier announced the reduction of the production in its two newest P6 and P7 factories. It predicts its third-quarter shipments will grow more than 25 percent from the second quarter. Firms expected the World Cup to boost their profit but analysts believe the impact of the World Cup has been overestimated.

China

Internet

- **Baidu.com revealed that it will close its search software unit, causing the layoff of 30 people in a move to concentrate more on its core business.** The company said the decision was made in the middle of intense market competition. Baidu explained that the layoffs would affect workers based in Beijing, Shanghai and Shenzhen. Despite this decision to lay off workers, Baidu said it is looking to maintain its lead over its rivals, which include Yahoo and Google. Following the data of Analysys International, Baidu's market share hit 43.9 percent at the end of the first quarter, compared with Yahoo's 21.1 percent and Google's 13.2 percent. For the first quarter, Baidu reported revenue of US\$16.8 million, 97 percent of which was generated by online marketing services including search, advertising, and e-commerce.
- **Tom Online said it is predicting that a policy change made by China Mobile for subscription services on its Monternet platform would have a negative impact on its wireless Internet business.** Tom Online indicated that it was assessing the possible effect of policy changes on its business, which contributed some 94 percent of its revenue in the first quarter, citing the possible reduction of the effectiveness of its subscriber acquisition campaigns as one of them. The company said changes could also diminish the average duration of subscription to less than 3 months. China Mobile, for its part, said that wireless value-added service providers would have to confirm new subscriptions twice before charging could be initiated.

Mobile/Wireless

- **Motorola announced the opening of its flagship retail outlet in Shanghai.** The mobile manufacturer's store in a trendy shopping district is seen as enabling potential clients to try features and accessories on its mobile phones, Bluetooth receivers and PDAs. Motorola joins Nokia, Samsung Electronics, LG Electronics and Sony Ericsson in fighting for market share in China. Unlike the U.S. and some other leading markets, consumers in China pay separately for their mobile phones and phone service, with quality handsets costing from 500 yuan (US\$62) into the thousands of yuan. Motorola has been pushing its trendy Razr line of phones in developing markets like China.

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Media, Gaming and Entertainment

- **Sun Media Investment Holdings Ltd., announced its 100 percent acquisition of Entertainment Today.** Sun Media is the second-largest privately owned media company in the nation. The firm stated that the acquisition is expected to boost its library of international content. Analysts see the acquisition as enhancing the prestige of Sun Media.

Software

- **TechnoConcepts Inc. announced that it has licensed ANT Software Limited's browser solution for use in the IPTV set-top box manufactured by its subsidiary, China Jinshlin Techno Ltd. (Jinshilin).** IPTV set-top boxes provide delivery of digital television programming received from the Internet to conventional television sets. Jinshilin anticipates shipping more than 100,000 units by the end of this calendar year in China, Taiwan and Japan, generating revenue in excess of US\$15 million. The IPTV set-top box market is rapidly expanding in Asia, with industry analysts projecting sales for China alone of between 20 million to 50 million units in 2006, growing from 60 million to 100 million units by the end of 2007. ANT is the market leader in software and solutions for IPTV, hybrid TV, and digital home products. ANT's IPTV browser solution is one of the industry's most reliable and robust embedded browsers, specifically developed for user interface and content rendering requirements of TVs, STBs, DVD players and other consumer electronics and industrial appliances. TechnoConcepts Inc. designs, develops and markets semiconductors. The company has developed and patented True Software Radio, a demonstrated technology that creates convergence for the wireless industry. China Jinshlin Techno Ltd. is TechnoConcepts' subsidiary based in Shanghai, China, providing marketing, sales and technical support for True Software Radio technology in China.

Hardware

- **Altrua Technologies, Inc., the pioneer and foremost developer of Intelligent Touch Controls for mobile devices, announced the expansion of its global operations with the opening of a new development and support center in Shanghai, China and the appointment of Lunji Qiu as the new vice president and general manager of Atrua China.** Atrua said its China office will play a significant role in improving the design and usability of these new devices and will support Atrua's rapidly growing base of customers in that region. The report said Mr. Qiu has over 15 years of technical leadership in China. Most recently, he was the general manager of Broadcom China, responsible for product development, operations and customer support. Prior to his position at Broadcom, Mr. Qiu was the chief software architect and staff engineer for Motorola's Singapore Software Center. Atrua's China office will accommodate the company's staff of leading development engineers and experts in the design and integration of biometric sensors and touch controls in mobile phones, PCs, and other electronics devices.
- **TCL Multimedia Technology Holdings posted a first-half loss, a disclosure that sent its shares falling to a near five-year low.** The company reported a net loss of HK\$139 million (US\$17.8 million) for the first quarter this year, compared with the HK\$48 million net loss it registered in 2005. The figure did not include the acquisition of the loss-making Thomson, a French TV maker. Analysts have warned that the company's loss from its European operation could widen this year. They remained pessimistic on TCL's earnings despite its plan to sell its computer division for HK\$337 million (US\$43.3 million) and focus on television manufacturing. The European and North American markets provided 46 percent of the company's first-quarter revenue of HK\$8 billion (US\$1 billion), with China's share amounting to 38 percent. The company said its full-year net loss in 2005 reached

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HK\$598.8 million (US\$77 million), compared with a net profit of HK\$308.9 million (US\$39.7 million) it posted a year earlier. The company said it is looking to making big reorganization moves in its European operation in order to counter the losses. A TCL Multimedia official, noting the company's total debt of HK\$2 billion (US\$257.2 million), said the company would need to refinance by way of the equity market.

Ventures

- **A study made by Zero2IPO Group revealed that venture capitalists shelled out some US\$772 million in the mainland in the first half this year.** Of these funds, about 70 percent went to IT firms, translating to about US\$562 million. The report indicated that venture capitalists spent their funds in 121 mainland firms, a figure that represents a 128 percent compared with the same period in 2005. Zero2IPO said more than half of the funds, about US\$118 million, went to Beijing. In a related development, Walden International, which manages US\$1.6 billion globally, disclosed its plans to invest 50 percent of a new fund to be launched this month in the mainland. For the full year, the research group said investment by venture capitalists would reach a record US\$1.5 billion for the full year. Analysts are saying that venture capital will be making their investments in different industries as wide ranging as electronics and food.

Taiwan

Mobile/Wireless

- **BenQ revealed its decision to cut more than 500 jobs in Germany, with about half of the cuts to be done in its BenQ Mobile's headquarters in Munich.** The remaining numbers would be decided when the firm terminates its partnership with external suppliers. BenQ has more than 3,000 employees in Germany. Last year, it acquired the mobile phone handset business of Siemens, a business that gave BenQ a 3.5 percent share of the global handset market.

Semiconductors

- **Taiwan Semiconductor Manufacturing Co (TSMC), the world's largest contract chipmaker, reported a 36 percent rise in its June sales, a growth it ascribed to growing demand for new consumer products.** TSMC registered sales of NT\$27.2 billion (US\$845 million) last month. The figure takes its second-quarter sales to NT\$81.2 billion (US\$2.4 billion), a 39 percent growth from a year ago.
- **Motech Industries, the country's largest solar cell-maker, indicated that its output for this year is expected to decline compared to what is expected, a situation it ascribed to the company dropping its move to enter into a strategic alliance with U.S.-based MEMC Electronic Materials, a silicon-wafer supplier.** Earlier the U.S. firm signed a letter of intent to supply solar wafers to Motech in a deal that fixed the price of the product for 8 years. However, negotiations failed after the two companies failed to reach an agreement. Industry sources said that the failed deal would diminish Motech's control over raw materials in the coming years. Analysts predict that the company's earnings would be 10 percent less than of the market consensus as a result of the failure of the partnership.

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Hong Kong

Telecommunications

- **New World Telecommunications Limited (NWT) and Lucent Technologies (Lucent)** announced that Lucent will provide its leading IP Multi-media Subsystem (IMS) platform to NWT, enabling the telco to create and deliver simple, seamless, secure, portable, personal multimedia services for their subscribers over its optical IP network to different types of end user devices. Lucent's IMS platform allows NWT to easily implement new and innovative services over an internationally recognized standard. With the agreement, NWT is Hong Kong's first fixed line operator to deploy an IMS platform. According to Lucent China, NWT's use of IMS Platform into their fixed network will enable it to pursue a new service model that will allow for faster and more cost effective implementation of new and innovative end-user applications to better improve service offerings to subscribers. Lucent's IMS platform enables carriers to deliver both new and traditional seamless multimedia services to IP or legacy wireline / wireless subscribers. Established in 1995, New World Telecommunications Limited (NWT) is a member of New World Development Company Ltd. Backed by its advanced Next Generation Network, NWT has evolved from a traditional telecom carrier into a next generation IP and telecom service provider offering a wide spectrum of unparalleled integrated communications solutions, applications and content services, such as broadband, IP telephony, VPN, IPLC, as well as local and international voice services.
- **Fiorlatte, a private equity firm wholly owned by former investment banker Francis Leung Pak-to, announced the signing of an agreement with Singapore-listed Pacific Century Regional Developments (PCRD) on the acquisition of a stake in PCCW.** The investment banker did not identify the names of other investors with him in the HK\$9.1 billion bid (US\$1.1 billion) although he promised to reveal their names in November. By that time, the first installment in the amount of HK\$2.7 billion (US\$347.2 million) would have been given and the necessary approvals obtained. Analysts see this development as part of an effort to stop PCCW's assets from being taken by foreign investors. Earlier Macquarie, an Australian investment bank, and TPG-Newbridge, a U.S. firm, had offered a bid worth some HK\$60 billion (US\$7.5 billion) for the PCCW's telecom and media assets.

Hardware

- **DVN (Holdings) announced entering into an agreement that would see it giving a 25 percent stake to Citic Group in exchange for the right to sell some 6 million set-top boxes and related software to cable television networks.** Under the deal, Citic becomes DVN's largest shareholder, ahead of Motorola, which owns 19.7 percent. Sources, however, indicated that Motorola had plans to up its stake in DVN. The deal also stipulated that in case DVN is unable to sell the agreed number of set-top boxes, Citic Group has to pay HK\$354.5 million (US\$45.5 million) for the 236.3 million new shares that DVN will issue to it. Citic Group controls 49 percent stakes in 21 cable networks in China. The company said the deal is not just about selling 6 million set-top boxes but also more about the higher margins from the licensing of software. Observers note the spread of digital television in China, an occasion that is made more significant by the country's State Administration of Radio, Film and Television planning to let all 115 million households with cable television to go digital by 2015. DVN is the exclusive set-top box provider in several large cities and provinces in China. DVN is based in Hong Kong and has been in operations since 1982.

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Internet

- **A study indicated that some 27,000 people from Hong Kong are deriving income from online sales.** The report, which was commissioned by eBay and conducted by ACNielsen, revealed that about 12,000 people rely in fact on online sales as their major source of income. The survey said that 1 in 10 eBay businessmen would consider giving up their jobs in favor of doing online trading on a full-time basis. eBay noted that online businesses are becoming a trend, with online sales giving people flexibility in their working hours.

Singapore/Malaysia/Philippines/Indonesia

Media, Entertainment and Gaming

- **Lucasfilm Animation Singapore, which opened its doors for business in October 2005, announced that it is expanding the size and scope of the studio to include a newly formed Handheld Games Group to work together with LucasArts in the U.S., and a Digital Artists Group to work alongside Industrial Light & Magic (ILM) for the production of visual effects.** Recruitment and hiring for these new groups has already begun and the company hopes to attract additional first-rate talent. The artists at Lucasfilm Animation Singapore said they work with their creative counterparts in California in producing revolutionary animated television shows and games. In addition, artists here collaborate with Industrial Light & Magic and LucasArts on state-of-the-art visual effects and next generation video games.

Semiconductors

- **Samsung Electronics and Siltronic, a leading maker of silicon wafers and a unit of German chemicals group Wacker Chemie, announced their plans to build a joint 300-millimetre wafer factory in Singapore.** The factory would be a 50-50 joint venture and would be called Siltronic Samsung Wafer, and marks the first time that a semiconductor maker has teamed up with a silicon wafer manufacturer, a partnership represented by an investment of US\$1 billion. Samsung Electronics' board of directors and the supervisory board of Siltronic have already approved the venture.

United States/Canada

Internet

- **SurfControl, an Internet security vendor, announced that it added managed security services to its portfolio through the acquisition of U.K.-based BlackSpider Technologies in a deal valued at US\$37 million.** With the completed acquisition, SurfControl now offers security technology via software appliances, as on-demand services to secure e-mail and the web. BlackSpider, with annual sales of US\$7 million, has 500,000 users. SurfControl said it plans to offer its new managed services through its worldwide channel partners. However, BlackSpider does not currently have a U.S. operation, leaving SurfControl to open U.S. data centers to host the services.
- **Mozilla announced the official release of its first beta version of Firefox 2.0. The new browser is a highly anticipated update that many say has become more popular than Internet Explorer 7, Microsoft's next-generation browser that is slated to be released later this summer.** The company said one prominent new feature of Firefox 2.0 is built-in phishing protection that is designed to warn people of suspected identity-stealing web sites. The feature, which is turned on by default,

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checks sites that users visit against a list of known phishing sites and issues a warning if there is a suspected match. Mozilla noted that although the list is currently limited, it is expected to grow as users report new scam sites. The test version of Firefox 2.0 also features improved support for previewing and subscribing to web feeds, a search plug-in manager for removing and reordering search-engine preferences, and a new built-in spell checker that provides the ability to quickly check the spelling of text entered into web text fields without using another application.

- **Yahoo! Inc. and Microsoft Corp. announced the start of the limited public beta testing of interoperability between their instant messaging services that enable users of Windows Live Messenger, the next generation of MSN Messenger, and Yahoo! Messenger with Voice to connect with each other.** This interoperability is considered the first of its kind between two distinct, global consumer IM providers and is seen as forming the world's largest consumer IM community, approaching 350 million accounts. Under the deal, consumers worldwide from Microsoft and Yahoo! will be able to take advantage of IM interoperability and join the limited public beta program. They will be among the first to exchange instant messages across the free services. Yahoo! and Microsoft plan to make the interoperability between their respective IM services broadly available to consumers in the coming months.
- **deltathree, Inc., a leading provider of SIP-based Voice over Internet Protocol (VoIP) solutions for service providers, resellers and end users worldwide, announced its entering a new partnership between UBIUS, VoIP service provider, and deltathree's award winning consumer group, iConnectHere.** Through the new partnership UBIUS is offering Broadband Phone, PC to Phone, and Virtual Calling Card solutions to subscribers in South Korea and the U.S. UBIUS is a leading provider of VoIP Telephony Services in the U.S. and South Korea. Founded in 1996, deltathree is a leading provider of high quality Internet telephony solutions that are viable and cost-effective alternatives to traditional telephone services.
- **MySpace.com, an online hangout, said it has replaced Yahoo's e-mail gateway as the single most-visited U.S. web site, according to Hitwise, an Internet traffic measurement company.** Yahoo's network of sites – Yahoo Mail, the Yahoo.com home page and Yahoo search – however, is still the one with a broader audience as it takes in more than 10 percent of the total U.S. market. MySpace.com accounted for 4.4 percent of all U.S. internet visits for the week ending July 8, a number that enables it to overtake Yahoo Mail for the first time and beating the home pages for Yahoo, Google and Microsoft's Hotmail. Responding to the data from Hitwise, Yahoo was quoted as saying that its network is made of many domains, and it is not accurate to compare MySpace.com to Yahoo's e-mail site. Yahoo said it attracted 129 million unique visitors per month in the U.S., which represents 74 percent of the online population in the world's biggest Internet market, while MySpace has only 30 percent of the online audience, with 52 million unique visitors.

Mobile/Wireless

- **Digital Standard, Inc. officially launched MySaki.com, an online extension of its popular mobile service, Saki Mobile.** MySaki.com adds a social networking element to the mix. It is the first brandable community and the first to fully fuse subscribers' online and mobile lifestyles. This broad capability gives lifestyle brands a powerful new opportunity to leverage the benefits of social networking including viral growth and targeted marketing in order to increase customer loyalty, brand awareness, presence, and revenue. Digital Standard, Inc. (DSI), the firm behind Saki, is a wireless platform and applications company that enables lifestyle brands and wireless operators to deploy innovative mobile data services for consumers.

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Media, Gaming and Entertainment

- **Maxim.com and CBS SportsLine announced entering an agreement that would allow them to share online content in a deal that mixes sports and sex in a bid to bring in more male viewers to the two web sites.** As part of the deal, CBS SportsLine will provide Maxim.com with sports headlines and real-time scores with links that bring users to the sports site for the full stories. In return, Maxim.com will supply CBS SportsLine's "SPiN" section with humor and entertainment content catering to young male viewers that includes a heavy dose of scantily clad women. CBS SportsLine is part of CBS Corp. while Maxim.com is the web site for Maxim magazine, a men's lifestyle magazine.
- **U.S. digital entertainment company Gracenote said it obtained licenses to distribute lyrics as music publishers consider legal action against web sites that provide them without authorization.** Gracenote obtained the rights to the lyrics of more than 1 million songs from the North American catalogs of Bertelsmann AG's BMG Music Publishing, Vivendi's Universal Music Publishing Group, Sony/ATV Music Publishing, jointly owned by Sony Corp and Michael Jackson, peermusic and other publishers. Gracenote also said it was talking with all of its partners, including Yahoo Inc. and Apple Computer Inc's iTunes, on its plans to launch a service to offer legal and accurate lyrics for all digital media. The service, to be initially available in North America, would be the first industry-backed move to providing lyrics legally. Gracenote said until now, consumer's access to song lyrics has been largely through unauthorized sources, which usually provide inaccurate content. According to a BMG official, the license brings in a new revenue stream, which will guarantee that songwriters are paid for their work.
- **The world's largest video game publisher, Electronic Arts (EA), announced that it has six titles in development for Nintendo's Wii game console.** Wii downplays graphics and goes for a motion-sensing controller that gets your arms moving. The EA titles for Wii will attempt to utilize its uniqueness. The titles include "Tiger Woods PGA Tour," "SSX," "Harry Potter" and "The Godfather," as well as versions of two best-selling game series, "Madden NFL" and the "Need for Speed." No release date was set for the titles, and the company said that additional titles for Wii were being developed.
- **Yahoo Inc. revealed that it is considering entering into a partnership with a group of newspaper publishers.** The alliance would cover a deal that would include web classifieds, local news, and content packages based on general themes like travel. Observers are saying that the move could drive more traffic to Yahoo's help-wanted HotJobs site. The report said that executives from Hearst Newspapers and MediaNews Group, which run daily papers near Yahoo's headquarters, are spearheading the discussions along with other parties.
- **Sony Pictures Home Entertainment (SPHE) announced entering a deal that allows it to put more than 100 of its movies up for sale by way of a video-sharing community dubbed Guba.** Analysts see the move as further bringing into new frontiers the business model of Internet movie distribution. With the deal, SPHE said it will increase the number of films available for downloading on the Internet over several months. It is expected that up to 500 Sony titles, including day and date releases, will be offered to consumers within a year. The arrangement will also allow Guba users to acquire films on a download-to-own basis. New releases are priced at US\$19.9 and catalog titles will retail from US\$9.9. Some titles will be available for rental via video-on-demand. Guba has been in operation for some eight years already and it has worked on concern like copyright protection, video transcoding, and content portability. Under the offering, users can watch video in Flash, QuickTime,

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and Windows Media formats, and can stream video in their home network using Microsoft's Windows Media Centre and Apple's Front Row applications. Guba's service uses Digital Rights Management (DRM) copyright protection software developed by Microsoft. International copyright ownership restrictions will make Sony's content available only in the U.S.

- **The Financial Times announced the merger of its newspaper and web operations, a move that may involve the reorganization of some 50 staffers from its workforce.** Under the reorganization, the media group said it would set up a single newspaper-web news desk, an interactive content team, and a production structure for integrating print and online publishing. It disclosed its plans to train writers to develop their multimedia skills.

Software

- **EMC Corporation, the world leader in information management and storage, reported full financial results for the second quarter of 2006, with the company's 12th consecutive quarter of double-digit revenue growth was highlighted by increased demand for VMware virtual infrastructure software and EMC Documentum content management software.** The company said its total consolidated revenue for the second quarter of 2006 was US\$2.5 billion, 10 percent higher than the US\$2.3 billion reported for the second quarter of 2005. It reported net income for the second quarter of US\$279 million. Its systems revenue in the second quarter posted an 8 percent increase over the year-ago quarter to US\$1.1 billion. For its software license and maintenance revenue, the company posted a 14 percent growth to US\$997 million. It reported for its professional services, systems maintenance and other services revenue a 9 percent year-over-year rise to US\$424 million. EMC said it completed the second quarter with US\$6.3 billion in cash and investments. Year-to-date the company said it has spent some US\$1.5 billion to purchase EMC shares in the open market and to redeem US\$125 million in convertible debt.
- **Oracle Asia-Pacific disclosed that its new software license revenue from Oracle's applications business in the region, excluding Japan, posted an 80 percent growth in the year to May 31.** Based on this performance, a company's top official stated that his firm is getting the market share from rivals, a reference to Oracle Corp's strategy to replace SAP of Germany as the region's leading enterprise application software provider. In that period of growth, the company noted that some 250 companies in Asia-Pacific, excluding Japan, have spent funds on Oracle applications rather than SAP products. Oracle response to that pace of growth was a plan to set up specialist offices in more than 1,000 industrial parks spread across the mainland. The company said these offices would enable Oracle and its IT services partners to work on the deployment of lower-cost hosted and customized applications to companies inside the parks. In August, Oracle said it would start its "software-as-a-service" initiative in China with its Siebel customer relationship management on-demand targeted at small and medium-sized enterprises and individual departments of large firms. For the year ended May 31, Oracle Asia-Pacific and Japan reported an 18 percent rise in its total revenues to US\$2 billion from the previous year. Oracle and SAP both claim that demand for enterprise applications in China is still about enterprise resource planning, with the mainland market valued at about US\$200 million. For the last two years, Oracle has spent more than US\$20 billion to acquire some 20 companies. Oracle said the acquisitions and size mattered to mainland firms as they become more interested in creating long-term technology alliances.

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Telecommunications

- **UTStarcom, Inc., a global leader in IP-based, end-to-end networking solutions and services, announced that it has signed a follow-on contract to deploy its RollingStream end-to-end IPTV solution to China Telecom, the largest fixed-line telecom operator in China.** The commercial IPTV network is initially designed to support 51,000 users in Shanghai. With a population of approximately 18 million, the number of broadband users in Shanghai continues to grow at a rapid rate approaching two million subscribers at the end of first quarter of 2006. UTStarcom believes these factors provide a solid foundation for the IPTV market in both Shanghai and China. Partnering with Shanghai Media Group (SMG), a leading multimedia television content provider, China Telecom Shanghai plans to offer subscribers a service package of live broadcast television and videos-on-demand. Additionally, the service is designed to offer subscribers "time-shift" capabilities -- the ability to pause and rewind live television, as well as an expansive amount of storage to record any program and watch on each subscriber's own schedule.
- **AT&T Inc. announced that it has won a three-year US\$1.8 million contract to provide advanced voice and data solutions for award-winning, global architectural firm, Skidmore, Owings & Merrill LLP.** With a portfolio featuring some of this century's most important architectural accomplishments, Skidmore, Owings & Merrill is one of the world's leading architecture, urban design, engineering and interior architecture firms. The new contract expands an existing, long-term relationship between the two companies. Under the terms of the agreement, AT&T will provide Skidmore, Owings & Merrill with voice and data services, including domestic and toll-free services. In addition, through AT&T's award-winning AT&T BusinessDirect portal, Skidmore, Owings & Merrill will gain online access to tools that provide real-time reports on network performance across any one of its offices in the U.S., Europe and Asia. In addition, the firm will have direct access to AT&T's ordering, status, inventory, trouble management and billing systems.

Semiconductors

- **Intel said it would lay off about 1,000 managers as part of a plan to streamline its computer chip operations worldwide.** A company official said the number of managers at Intel increased faster than the general employee population during the past five years. Earlier in June, the company disclosed its plan to close its communications and application processor business.

Europe

Media, Entertainment and Gaming

- **Shares in Warner Music Group posted a decline on the New York Stock Exchange after a European Union court ruled against European Commission's approval of the mega music merger creating Sony BMG.** Analysts saw the court's decision as making it difficult for Warner to complete a merger with EMI of Britain. The decision of EU's second-highest court was based on its assessment that the Commission had not shown enough substantial proof that the merger of Sony and BMG would not form a company with a dominant market position. Observers note that Warner and EMI have mutually rejected takeover bids coming from each other even as the two companies are perceived to be considering upping their bids.

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Internet

- **Christie's announced its launching of a new facility for overseas customers to be present at sales without leaving their computers.** The offering will allow clients to make their bids using a new software program, dubbed Christie's Live, on the international auction house's web site. The facility is seen as giving real-time video and audio access to auctions as well as clear bidding instructions. The software has been developed by Auction Management Solutions (AMS), based in Tampa, Florida, and will be available initially on selected sales in London and New York.

Mobile/Wireless

- **Palm announced that it has entered into a partnership with a Treo smartphone that will run on the global wireless operator's 3G network.** This would allow business users and consumers to take advantage of push e-mail, streaming media, and other bandwidth-intensive applications. Palm has not divulged any details yet about the new Treo. The smartphone will be available to Vodafone clients in the UK, Spain, Germany, Italy and Netherlands before the end of the year. The company said the device will run on the Windows Mobile operating system. An IDC analyst sees the deployment of 3G smartphone in Europe as a smart move since the region is way ahead of the U.S. markets when it comes to next-generation wireless networks.
- **Sony Ericsson Mobile Communications, the maker of Walkman and Cyber-shot mobile phones, reported second-quarter profits rising almost two-fold to 143 million euros (US\$180.7 million) from 75 million euros (US\$94.8 million) a year earlier.** It reported sales posting a 41 percent rise to 2.2 billion euros (US\$2.7 billion) from 1.6 billion euros (US\$2 billion). The company said its shipments rose by 33 percent to 15.7 million phones in the quarter. Sony Ericsson revealed that in responding to the growing demand in emerging markets, it has gone to selling low-end phones. Its pre-tax profit surged to 211 million euros (US\$266.7 million) from 87 million euros (US\$110 million) a year earlier. In terms of market share, Gartner said it logged a share of 6.1 percent in the first quarter of the year, compared with 5.5 percent a year earlier.

Hardware

- **HP announced that it has become the hardware technology partner for the London Stock Exchange's Infolect data delivery application acknowledged to be the fastest in the world.** With a data latency of only two milliseconds, the exchange's system broadcasts 20 million messages a day to more than 100,000 terminals in more than 100 countries. HP powers Infolect with a scalable hardware platform based on around 100 HP ProLiant servers, distributed across three London sites. The application is based on Microsoft .NET and Microsoft SQL Server 2000 and was developed in partnership with both Microsoft and Accenture. HP also provides ongoing support for Infolect. HP is a technology solutions provider to consumers, businesses and institutions globally. The company's offerings span IT infrastructure, global services, business and home computing, and imaging and printing. For the four fiscal quarters ended April 30, 2006, HP reported total revenues of US\$88.9 billion.

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Software

- **SAP AG announced that after a preliminary review of its second quarter 2006 results, it expected second quarter 2006 software revenues to be approximately 621 million euros (US\$785 million), representing an increase of 8 percent compared to the second quarter of 2005.** Second quarter 2006 product revenues are expected to be approximately 1.4 billion euros (US\$1.7 billion), representing an increase of 9 percent compared to the same quarter last year. Total revenues for the second quarter of 2006 are expected to be approximately 2.2 billion euros (US\$2.7 billion), which represents an increase of 9 percent compared to the second quarter of 2005. SAP said the second quarter 2006 pro forma operating income is expected to be around 558 million euros (US\$705.3 million), representing an increase of 13 percent compared to the second quarter of last year. The second quarter pro forma net income is expected to be approximately 432 million euros (US\$546 million), representing an increase of 38 percent compared to the same quarter last year. According to the company, the region, which includes the U.S., Canada and Latin America, is expected to report software revenues of 239 million euros (US\$302.1 million) for the second quarter of 2006, representing an increase of 18 percent compared to the second quarter of 2005. In the EMEA (Europe, Middle East and Africa) region, second quarter 2006 software revenues are expected to increase by 3 percent to 296 million euros (US\$374 million). Second quarter 2006 software revenues in Germany are expected to increase by 8 percent to 100 million euros (US\$126 million). In the APA (Asia/Pacific) region, second quarter 2006 software revenues are expected to be flat at 86 million euros (US\$108.7 million).
- **The European Commission (EC) announced the decision to fine Microsoft 280.5 million euros (US\$354.5 million) to address the software giant's defiance of a 2004 antitrust ruling.** With the fine came the warning from the body to pay the fines or settle the issue with a bigger amount next time. Earlier, the body has asked Microsoft to provide technical information to other software makers after it concluded in its investigation that the software giant abused the dominance of its Windows operating system. The European body said that it couldn't allow such illegal conduct to go on. The new penalty follows a landmark decision it made in March 2004 when it drafted its antitrust ruling against Microsoft and fined the Company 497 million euros (US\$628.2 million).

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 7/14/06)	% Change 1 Week Ago	% Change 1/1/2006	% Change 1/1/2005	% Change Last 12 Mth.
Japanese yen	¥/US\$	116.12	1.03%	-1.38%	13.14%	3.35%
Hong Kong dollar	HK\$/ US\$	7.77585	0.06%	0.28%	0.04%	-0.01%
Chinese renmenbi	RMB/ US\$	7.998	0.13%	-0.89%	-3.36%	-3.36%
Singapore dollar	S\$/ US\$	1.5893	0.60%	-4.43%	-2.60%	-5.96%
South Korean won	KRW/ US\$	953.85	0.63%	-5.56%	-7.85%	-7.53%
New Taiwan dollar	NT\$/ US\$	32.668	0.85%	-0.48%	2.92%	2.2%
Australian dollar	US\$/A\$	0.75325	0.77%	2.79%	-3.47%	0.11%
New Zealand dollar	US\$/NZ\$	0.6204	2.34%	-9.26%	-13.62%	-8.18%
Philippine peso	PHP/ US\$	52.385	-0.14%	-1.32%	-6.84%	-6.29%
Euro	US\$/€	1.26525	-1.04%	6.78%	-6.65%	0.08%
British pound	US\$/£	1.8384	0.05%	6.70%	-4.16%	4.66%

Fixed Income Prices and Yields

Note	Currency	Current (on 7/14/06)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	90.6719	5.11%	89.1406	5.22%	89.3780	5.17%
Japan 30-year	¥	100.1705	2.54%	98.5720	2.61%	100.2570	2.49%
Hong Kong 10-year	HK\$	99.8753	3.93%	99.8372	4.25%	99.7766	4.01%
China (06/16)	US\$	113.1191	3.13%	113.3445	3.11%	114.7400	2.97%
Singapore 10-year	S\$	95.4060	3.67%	95.2900	3.67%	97.4100	3.48%
South Korea 20-year	US\$	105.8493	5.45%	105.5044	5.44%	104.5200	5.50%
Australia 15-year	A\$	152.1750	2.45%	151.1880	2.46%	150.4020	2.48%
New Zealand (12/17)	NZ\$	101.1468	5.88%	101.3071	5.85%	101.4500	5.83%
Philippines 20-year	PHP	103.0425	10.74%	103.4376	10.84%	89.9944	12.57%
India 30-year	INR	84.7500	8.88%	89.0622	4.34%	89.4900	8.37%
UK 30-year	£	100.9100	4.25%	98.8800	4.30%	100.2090	4.24%
Germany 30-year	€	95.6570	4.30%	94.3300	4.34%	96.3270	4.22%

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