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IRG Technology, Media and Telecommunications

and

Life Sciences Weekly Market Review

Week of 6 August – 12 August, 2006

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Equity Market Indicators					
Index	**Closing Level (08/11/2006)**	**% Change 1 Week Ago**	**% Change 1/1/2006**	**% Change 1/1/2005**	**% Change 2005 Low**
S&P 500	1,266.74	-1.0%	1.5%	4.5%	11.4%
Dow Jones Industrial Avg.	11,088.03	-1.4%	3.5%	2.8%	10.7%
Dow Jones Tech. Index	347.87	-0.3%	-7.3%	-2.1%	11.4%
Dow Jones Telecom. Index	214.78	-2.3%	6.5%	-1.4%	9.0%
NASDAQ Composite	2,057.71	-1.3%	-6.7%	-5.4%	8.1%
The Street.com Net	195.82	1.0%	-6.9%	-6.0%	12.2%
Japan Nikkei 225	15,565.02	0.7%	-3.4%	35.5%	43.8%
JASDAQ	92.14	-0.8%	-29.2%	2.0%	1.7%
Japan Mothers	1,256.60	-2.5%	-50.6%	-27.0%	-27.7%
Korea KOSPI Composite	1,292.10	-0.9%	-6.3%	44.2%	48.4%
Korea Kosdaq	553.17	0.6%	-20.0%	45.4%	41.7%
Taiwan Stock Exchange	6,571.10	2.2%	0.3%	7.0%	16.7%
Singapore Straight Times	2,450.63	-0.3%	4.4%	18.6%	18.9%
Hong Kong Hang Seng	17,249.95	2.1%	16.0%	21.2%	29.2%
Hong Kong GEM	1,130.04	-0.4%	12.2%	14.3%	30.8%
China Shanghai (A-Share)	1,687.99	2.3%	38.3%	26.9%	58.9%
China Shenzhen (A-Share)	414.05	2.9%	42.7%	26.0%	69.2%
China Shanghai (B-Share)	90.51	1.3%	45.9%	19.6%	76.3%
China Shenzhen (B-Share)	286.19	1.7%	46.3%	30.2%	53.4%

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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**
8/11/06	IG Photonics Corp. [IPGP.US]	Semiconductors	US$130.0	Manufactures and sells high-performance fiber amplifiers for telecommunications and industrial applications	Lehman Brothers/ Merrill Lynch	Jefferies & Co./ Needham & Co./ Thomas Weisel Partners
8/11/06	Medecision Inc. [MEDE.US]	Software	US$95.0	Provides integrated medical management solutions for managed care organizations and software that provides clinical and financial risk	Cowen and Co.	Wachovia Securities/ CIBC World Markets/ Pacific Growth Equities
8/10/06	Double-Take Software Inc. [DBTK.US]	Software	US$86.3	Develops, sells, and supports software that reduces downtime and protects data for business- critical systems	Cowen and Co./Thomas Weisel Partners	CIBC World Markets/ Pacific Crest Securities

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NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	**Issuer (Exchange)**	**Description**	**Size (US$MM)**	**Offer Price**	**Price on 8/4/06**	**% Change From Offer**
7/27/06	Qimonda [QI.US] (NYSE)	Supplier of semiconductor memory products. Company designs RAM for computers, servers, and consumer electronics	US$42.0	US$13.0	US$13.90	6.9%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	**Issuer (Exchange)**	**Description**	**Size (US$MM)**	**Offer Price**	**Price on 8/11/06**	**% Change From Offer**
8/10/06	E-Support Link Ltd [2493.JP] (Hercules)	Provides supply chain system through the Internet for the produce distribution industry	US$11.6	¥420,000	¥431,000	2.6%
8/8/06	Infomart [2492.JP] (Tokyo Stock Exchange)	Provides business to business e-commerce service for the food industry	US$9.4	¥300,000	¥620,000	106.7%

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**
8/8/06	Martin Media Co. [035830.KS]	Manufactures data transmission devices such as fiber optic multiplexers and digital subscriber units	8/9/09	US$2.1	11,627 shares	7/9/09
8/7/06	Cismon Network Corp. [052560.KS]	Develops and provides consulting for various system and solution integration such as e-business infrastructure	8/14/09	US$2.1	3,968 shares	7/14/09
8/7/06	Belco International [053470.KS]	Manufactures communication equipment such as touch tone phones, headsets, and ear sets	8/8/07	US$1.0	19,607 shares	7/8/07

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International

Information Technology

- **Figures culled by Springboard Research have shown that Asia's government IT investments in defense and security reached US$3.8 billion last year and are forecast to hit US$5.4 billion by 2009.** Leading the list is China, which posted the largest security and defense IT expenditure last year of more than US$400 million, holding about 33 percent of the region's total expenditure. The figure was slightly higher than Australia, at 28 percent last year. Security and defense, which includes intelligence, border control, immigration, and public safety, accounted for about 22 percent of the region's public sector IT spending. The largest organization in terms of expenditures remained the Australian Department of Defense, with IT expenditures of more than US$600 million last year. Springboard estimated the total public sector IT expenditure in Asia, excluding Japan, was US$17.3 billion last year and could be worth almost US$25 billion by 2009.

Mobile/Wireless

- **A survey of 11 regional markets by research firm GFK Asia indicates that mainland China registered US$9 billion worth of retail mobile phone sales during the period.** The Singapore-based research firm included in its survey GSM, CDMA, and a color Personal Handyphone with camera, color display without camera, and monochrome display models. The survey showed the total volume of the Asian phone market growing by about 36 percent year on year from January to June, with the number reaching some 107 million units. The figure is seen as meeting GfK Asia's previously published year-end forecast of 23 percent year-on-year volume growth of about 241 million units. The research firm named the top five-handset brands in the first half to be Nokia, Motorola, Samsung, Sony Ericsson and LG Electronics. Color mobile camera-phones continued to dominate the Asian market in the first six months, selling about 55 million units, with their total value posting a 33 percent year-on-year growth to more than US$14 billion. In June, the average price of monochrome display handsets in Asia was US$57.
- **Acccording to iSuppli, Samsung Electronics Co. lost market share to its bigger rivals for a second consecutive quarter in the second quarter, due to its move to avoid low-end products in developing countries.** Samsung Electronics, the world's third largest producer of mobile phones, has focused on high-end models, while rivals such as Nokia Oyj and Motorola Inc., the world's two largest handset makers, have shifted their focus to selling low-cost handsets to consumers in emerging markets such as China and India. In the April-June period, Samsung Electronics' global market share fell to 12 percent from 13 percent the quarter before. Motorola continued its run of success by raising its market share to 23 percent from 21 percent. iSuppli said Nokia's market share also rose to 35 percent from 34 percent. The report said the company's biggest decline in sales came from Europe. Second-quarter unit shipments by Nokia stood at 78.4 million, compared with Motorola's 51.9 million and Samsung Electronics' 26.3 million. Global mobile phone vendors are driving down prices with low-grade batteries and simpler applications, but Samsung Electronics is seen as the only player bucking the trend by sticking with its "premium brand strategy." Another South Korean handset maker, LG Electronics Inc., was overtaken by Sony Ericsson, the Japanese-Swedish handset venture, as the world's No. 4 spot in terms of unit shipments. Sony Ericsson's unit sales were 15.8 million in the quarter, while those at LG Electronics were 15.3 million.

Japan

Internet

- **Moody's Investors Service announced its upgrading of Softbank, as it pointed to the Internet firm's acquisition of Vodafone's Japanese unit as a factor that should boost its competitiveness.** In the announcement, the risk evaluator upgraded Softbank's long-term debt rating and issuer rating to Ba2 from Ba3, with a stable outlook. Softbank completed a deal in April to buy Vodafone Japan for US$15 billion. Softbank also owns Yahoo Japan. The company said it plans to rename the entity Softbank Mobile and remove the name of the British firm, which faced problems when it entered the Japanese market. Moody said the move will add diversification in the Japanese telecommunication market. Softbank said it will put more money into the Vodafone unit.

Mobile/Wireless

- **Sony announced that it will market in the U.S. a first-of-a-kind wireless broadband device allowing users to exchange online voice and text messages, browse the Internet and listen to music.** The palm-size personal communicator, named mylo and aimed largely at university students, is capable of operating in Wi-Fi networks in public spaces or at home, the Japanese electronics giant said. The mylo -- standing for "my life online" -- will be sold in September for about US$350 in the U.S. market. The mylo can scan for available wireless networks and its HTML browser lets users connect to full web pages on the Internet as well as send e-mails. The gadget has a built-in speaker for listening to music stored in its one-gigabyte flash memory, which can also store digital pictures.
- **Softbank reported its fourth straight quarter of profit, with the company ascribing the growth on increased subscriptions from its broadband and fixed-line services and earnings as well from its Vodafone K.K. unit.** The company announced a net income totaling 1.4 billion yen (US$12 million) in the three months ended June 30, compared with the 11.2 billion yen (US$96.2 million) it reported a year earlier. Analysts noted that the company generated profit as promised. Softbank also disclosed that its spending target is now doubled to about 500 billion yen (US$4.2 billion) for increased wireless network coverage aimed at its rivals NTT DoCoMo Inc. and KDDI Corp.

Hardware

- **Matsushita Electric Industrial disclosed that it was looking to its JVC unit turning profitable this year, even as it stated that it will not interfere in the recovery efforts of JVC.** Victor Co of Japan or JVC is 52.4 percent owned by Matsushita, the world's largest consumer electronics maker. A Matsushita official noted that JVC's loss of 1.9 billion yen (US$16.3 million) in the fiscal first quarter was smaller than what it had originally expected. JVC, which accounts for 8 percent of Matsushita's group sales, aims for an operating profit of 10 billion yen (US$86.0 million) in the business year to March, a reversal from a 6.9 billion yen (US$59.3 million) loss a year earlier. Outside of the losses at JVC, Matsushita posted a 41.5 percent rise in its quarterly profit, which was brought about by demand for its plasma TVs and digital cameras.
- **Sanyo Electric announced its global TV alliance with Taiwan's Quanta in an agreement that will allow them to work together to acquire materials.** Under the deal, Sanyo would spin off the development and purchasing operations of its TV business and establish a new company in October this year. The agreement would also see Quanta Computer getting a 19 percent stake in that company. The company to be formed in the alliance will be called Sanyo Visual Technology. It will cover development and purchasing of Sanyo's TV business worldwide, including Japan, North America,

Europe, and the mainland. The TV business includes old-style cathode ray tube TVs as well as newer and slimmer liquid-crystal display panel TVs. The two companies said they would continue to discuss setting up a joint venture for flat-panel TVs. Sanyo has been moving aiming to turn around its business, partly by forming alliances with companies to lighten its production costs for mass-consumed products. Quanta is the world's largest notebook computer design and manufacturing company. It also has a display maker, storage operations, and other units in its group.

Korea

Internet

- **Samsung Electronics Co., the world's third-biggest maker of mobile phones, said a new partnership with Sprint Nextel Corp. will help boost its share of the US$1 trillion U.S. telecommunications market.** Samsung has about 17 percent market share in the U.S., behind Motorola Inc. and Nokia Oyj. Samsung, Motorola and computer chipmaker Intel Corp. are helping Sprint, the No. 3 U.S. mobile-phone services provider, build a so-called WiMax network that can beam Internet signals as far as 30 miles to provide cheaper high-speed wireless service. Samsung is the only vendor of mobile phones, personal digital assistant devices and personal computer cards able to operate on a WiMax network that is being run in Seoul by KT Corp., formerly Korea Telecom Corp. Sprint is the first major U.S. phone company to invest in WiMax. The company, which lags behind Cingular Wireless LLC and Verizon Wireless, plans a test system by the fourth quarter of next year and wants to offer service to 100 million people in 2008. Motorola, the second-largest maker of cell phones, and Samsung will make handsets for Sprint that are capable of accessing the new network and Sprint's existing system. Samsung and Motorola plan to make all their products including TV set-top boxes, video and still cameras compatible with WiMax.
- **South Koreans spent more time on the Internet in the first half than a year earlier, using the computer network mainly to obtain information, send e-mails and engage in other online activities.** According to the report by the Ministry of Information and Communication, South Koreans spent an average 13.3 hours a week during the first six months of this year, up 0.4 hours from a year ago. The report showed most people logged onto the Internet to find information related to education and career. E-mailing, online chatting, shopping and other leisure activities including gaming were cited as the main reasons for using the network. The Internet use rate for those under the age of 30 reached 73.6 percent, down from 86.8 percent a year ago. The corresponding figure for those in the 40s and older rose 28.4 percent from 13.2 percent. As of the end of June, a total of 33.6 million people were using the Internet, meaning that the nation's Internet penetration rate stood at 73.5 percent, up 1.6 percent from a year earlier. South Korea, one of the most advanced Internet nations, leads the world in the percentage of people who have broadband Internet connections. About 12 million people out of its population of 48 million have high-speed Internet access.
- **Interpark, one of the country's largest online shopping malls, said its net income for the second quarter was 1.4 billion won (US$1.5 million), down 75 percent from the previous quarter, hit partly by low demand during the World Cup soccer games in June.** Operating profit plunged 70 percent quarter-on-quarter to 1 billion won (US$1.0 million), while sales declined 12.6 percent to 28.2 billion won (US$29.2 million). The earnings of the online shopping mall yesterday attracted keen attention as Interpark holds a 33.7 percent stake in Gmarket, a Korean venture which listed on the U.S. NASDAQ stock market in late June. Gmarket started as an in-house venture project at Interpark six years ago and emerged as one of Korea's two biggest open e-marketplaces, where

small merchants sell their products at competitive prices. Analysts said Interpark's earnings would likely worsen further in the third and fourth quarters because the government has moved to abolish gift certificates, which bolstered the company's revenue in recent months. The company's gift certificate business posted 8 billion (US$8.3 million) won in the second quarter.

Mobile/Wireless

- **MPEG LA, a U.S.-based international patent management agency, suspended talks with the country's DMB handset industry on royalties.** As a result, handset makers will have to talk with patent holders separately; with small and medium handset vendors concerned about rising costs on their growing burden of royalty fees. MPEG LA recently informed domestic DMB handset makers of the termination of the DMB device license program, citing the small number of patent-holding participants in the effort to set collective standards on the types of devices. The canceled program was aimed at lowering the royalty fee burden, and simplifying the process of patent-related issues. With the plan scrapped, DMB handset makers will most likely face growing demands on patent fees.

Telecommunications

- **WiderThan Co., Ltd., a leading global provider of integrated mobile entertainment solutions for wireless carriers, reported a 49 percent increase in its second quarter 2006 revenues to US$33.1 million from US$22.2 million in the second quarter of 2005.** The company said its net income, calculated in accordance with generally accepted accounting principles in the United States, for the second quarter of 2006 was US$4.6 million, compared to US$1.6 million in the prior year period. Included in net income for the second quarter of 2006 was a non-cash, stock-based compensation charge of US$0.7 million, compared to a charge of $0.6 million in the prior year period. For its adjusted net income, which excludes non-cash stock compensation expense, WiderThan reported US$5.2 million in the second quarter of 2006, compared to an adjusted net income of US$2.2 million.
- **SK Telecom said it is now seeking to expand into the entertainment video content service area with 'Star Zone', which was launched in May this year.** The wireless operator plans to roll out mobile e-commerce and video content service, which uses the pool it won with the acquisition of entertainment management firm Sidus IHQ last year, instead of simply providing mobile communication service between stars and their fans. The company aims to introduce upgraded Star Zone service with enhanced mobile commerce and community features by the end of this year. SK Telecom has been providing music and video content via multimedia content service brand 'June,' and it is now fast moving toward a new entertainment business model. The video content of Star Zone will include dramas and movie clips starring entertainers managed by Sidus. The company also aims to roll out a variety of service for both Sidus entertainers and others. SK Telecom said it's planning to introduce mobile community-based content service, which promotes communications with users.
- **Hanarotelecom Inc. reported a net loss of 16.2 billion won (US$17 million), compared with a loss of 33.1 billion won (US$34.2 million) a year ago.** The quarterly loss was narrowed after Hanarotelecom, controlled by U.S. investors American International Group and Newbridge Capital, put its focus on cutting costs. South Korea's broadband Internet market, with one of the world's highest penetration rates, is slowing with market saturation. Broadband operators such as Hanarotelecom and market leader KT Corp. are struggling with fierce competition as cable television companies are increasingly eating up the high-speed Internet market with cheaper services. To find a new revenue stream, Hanarotelecom launched an Internet-based television broadcasting service called Hana TV, but analysts are skeptical about whether the business will be profitable. At the operating

level, Hanarotelecom posted a profit of 7.5 billion won (US$7.7 million), compared with a loss of 3.4 billion won (US$3.5 million) a year earlier. The company said its sales went up by 21.2 percent to 428.4 billion won (US$443.7 million).

- **The country's second-largest fixed-line carrier Dacom Corp. said that it has decided to change its name to LG Dacom Corp., in a bid to enhance its brand recognition.** The company's board of directors yesterday decided on the name change and will wait for final approval from shareholders, the company said in a regulatory filing. Dacom's second-quarter earnings more than tripled from a year earlier. It posted 305.2 billion won (US$316.1 million) in sales, 61 billion won (US$63.1 million) in operating profits and 52.4 billion won (US$54.2 million) in net profits.

China

Internet

- **Ctrip.com reported a 7.1 percent rise in its net profit to 61 million yuan (US$7.6 million) in the second quarter from a year ago, attributing the growth to increasing mainland travel.** China's biggest online travel company reported a 47 percent increase in its revenues to 190 million yuan (US$23.8 million). Ctrip said its revenue from hotel bookings went up by 28 percent to 118 million yuan (US$14.7 million), with air ticket booking revenues posting a 94 percent rise to 73 million yuan (US$9.1 million). The company said it sold 1.4 million tickets compared with 800,000 a year earlier. Analysts are confident that even if Ctrip's annual revenue growth has fallen from its past high levels of 70 percent to 80 percent, it will meet its sales increase projection of 40 percent for the third quarter. Industry observers also noted that Ctrip's sales are about three times the size of eLong, its closest rival.
- **The9 reported its second-quarter net income rising to US$10.5 million, compared with US$7.4 million in the previous quarter.** The online game operator declared that the growth in profit got its boost from a Chinese government subsidy of US$1.4 million, the details of which were not articulated by the company. It reported net revenue of US$32.2 million. The9, whose revenue derives much from its operation of World of Warcraft, stated that it plans to widen its offering away from that game by seeking licenses for titles from NCsoft Corp's Guild Wars to Hellgate: London published by Japan's Namco Bandai Holdings. That single game accounted for US$32 million of The9's revenue in the quarter even as the company said it plans to launch a new version of the World of Warcraft. The9 also revealed its plans for regional expansion, noting the rapid increase of online game markets in the Southeast Asian region.
- **51job, Inc., a leading provider of integrated human resource services in China, announced a 26.2 percent increase in unaudited total revenues to 147.4 million yuan (US$17.8 million) from 116.8 million (US$14.6 million) for the same quarter in 2004.** The company said its print advertising revenues for the second quarter of 2005 increased 22.4 percent to 90.5 million (US$10.9 million) compared with 73.9 million (US$9.2 million) for the same quarter in 2004. The revenue increase was primarily due to a greater number of recruitment advertisements placed in 51job Weekly (formerly translated as Career Post Weekly in English), which was offset by lower average revenue per page. Online recruitment service revenues for the second quarter of 2005 were 38.9 million yuan (US$4.7 million), representing a 52.5 percent growth from 25.5 million yuan (US$3.1 million) for the same quarter last year. The increase was principally attributable to a higher number of customers using the company's online recruitment services. The company said its net income for the second quarter of

2005 was 15.9 million yuan (US$1.9 million) compared with 16.4 million yuan (US$2.1 million) for the same period in 2004. For the third quarter of 2005, based on current market and operating conditions, the Company's revenue target is in the range of 145 to 155 million yuan (US$18.2 to US$19.4 million). 51job, Inc. is a leading provider of integrated human resource services in China with a strong focus on recruitment related services. 51job also provides executive search services and a number of other value-added human resource services, including training, proprietary software applications, business process outsourcing and salary surveys.

- **Google revealed its plans to open a center in Shanghai in a bid to aid its expansion of its database and create services aimed at countering the presence of Baidu.com**. The company said the development facility, which will be Google's second in China, may be operational this year. The move is part of Google's attempt to get the market share from Baidu by hiring more engineers to increase the size of its Chinese-language search database and to introduce more local services. Baidu remains the most used search site in China. According to iResearch, the Internet search market in China is seen as creating sales worth 5.6 billion yuan (US$702 million) in 2007, up from 3.6 billion yuan (US$451.2 million) this year.
- **Alibaba.com Corp and Yahoo said they are discussing with record companies on how to offer music legally over the Internet.** Alibaba operates Yahoo China, the nation's second-largest search engine which provides links on its web site to illegally copied music on non-affiliated sites. Industry observers see the talks as a means to help Alibaba avoid a lawsuit by the International Federation for the Phonographic Industry on infringement charges. The federation said it plans to sue the companies in a few weeks. Alibaba's sales doubled to US$100 million in the first half from a year ago, matching its revenue for the all of last year.
- **Tom Online reported a 15 percent increase in its profit to US$11.7 million but predicted revenue might go down by 35 percent in the third quarter because of new pricing rules imposed by China Mobile.** Tom Online estimated third-quarter revenue to be US$32.5 million to US$34.5 million, down by 31 to 35 percent from the same quarter last year. Its second-quarter revenue was US$50.1 million, up 17.1 percent from a year ago and 3.1 percent from the first quarter. Earlier in June, China Mobile, the mainland's largest mobile-phone carrier, said that wireless value-added service providers including Tom Online would have to confirm new subscriptions twice before they could start charging their services. This is to reduce customer complaints. The company only allowed content providers to charge handset users fixed monthly packages instead of charging on the level of usage. The company said wireless Internet business was Tom Online's single most significant income driver, rising 12.4 percent to US$45.7 million in the second quarter and accounting for 91 percent of its total revenue.

Mobile/Wireless

- **Analysts are saying the highly popular Xiaolingtong, a limited-range mainland wireless service may disappear within five years of the arrival of 3G mobile-phone services.** Contributing to its demise is the factor of 2G operations slashing prices further to compete for customers. The device based on personal handyphone system technology, had 92 million users as of the end of June and earns fixed-line operators China Telecom Corp and China Network Communications Group about 40 yuan (US$5) per month revenue per customer (ARPU). The service has no roaming capability, with the government classifying it as an extension of the fixed-line service. As inexpensive 2G units became available, Xiaolingtong's handset production went down by 30 percent to 6 million units for the first half, from 8.7 million in 2005. With half of Xiaolingtong users also owning a China Mobile or China Unicom number at the same time, analysts are looking to them as the first target for China Telecom and China Netcom to link them up to 3G.

Semiconductors

- **Advanced Semiconductor Manufacturing Corp (ASMC), a mainland chipmaker partially owned by Royal Phillips Electronics, posted a net profit of 22.1 million yuan (US$2.7 million) in the first half, with the company ascribed the growth to the nearly 50 percent climb in its as sales of eight-inch wafers.** Partially owned by Royal Phillips Electronics, the Shanghai-based chipmaker said revenue posted a 51.8 percent rise to 653.8 million yuan (US$82 million) from 430.7 million yuan (US$54 million) a year ago. The firm makes five-inch, six-inch and eight-inch wafers at two fabrication plants in Shanghai. The company said the utilization rate at its two fabrication plants went up by 69 percent in the second quarter, from 62 percent in the first three months of this year. A top company official said financing costs in the first half tripled to about 32.4 million yuan (US$4 million), with the company ascribing the rise to a one-time payment to banks for refinancing a loan. The company, which gets more than half of its sales from North America, disclosed that it will pay no interim dividend.

Telecommunications

- **Foreign firms seeking to provide Internet service in China will be ordered to win approval from the local government ahead of such service.** Foreign telecommunication companies that wish to invest in China's Internet service should apply for relative licenses. They are not allowed to bypass China's regulation procedure and make a detour into China's market, said the Ministry of Information Industry of the People's Republic of China in an announcement. The announcement said that domestic telecommunication enterprises cannot rent, transfer, or scalp the license to foreign investors. Furthermore, they should not provide any source, place, or equipment to the foreign companies that engage in telecommunication service illegally in China.

Taiwan

Hardware

- **Chi Mei Optoelectronics reported a net loss of NT$944 million (US$29 million) in the second quarter to June, with the company ascribing the decline to a sharp fall in flat panel prices.** The figures are the reversal of profits of NT$5.4 billion (US$165.4 million) the company posted in the first quarter to March and compared with the NT$1.7 billion loss (US$52 million) posted in the same period last year. The company said the blended average selling price for different sizes of thin-film-transistor liquid crystal display panels went down by 24 percent sequentially to US$161 apiece in the second quarter. Chi Mei disclosed that its parent sales registered a 23 percent decline to NT$36.4 billion (US$808 million). In the April to June period, the company shipped just more than seven million LCD panels, up 1.4 per cent from the first quarter. The company said it is retaining its original target of shipping 10 million panels meant for LCD TVs this year, allowing it to get more than 20 percent of global market share.
- **HannStar Board Corp announced its plan to spin off its printed circuit board unit in a bid to raise US$90 million.** With this move, HannStar becomes part of a growing number of Taiwanese firms tapping Hong Kong's equity market. A market source said that HannStar Board International, the world's largest printed circuit board supplier for laptop computers, planned to list in Hong Kong

by the end of the year. Taiwan Securities and Polaris Securities will handle the share sale, with the IPO as early as December. According to HannStar Board Corp's latest announcement, its mainland operation posted a profit of HK$175.5 million (US$22.5 million) last year, up 95.5 percent from 2004.

Hong Kong

Mobile/Wireless

- **CSL New World Mobility (CSLNW), a Hong Kong unit of Australia's dominant telecommunications group Telstra, reported a 5.4 percent decline in its first-half profit of HK$686 million (US$88.2 million) from HK$725 million (US$93.2 million) a year earlier.** The company became Hong Kong's largest mobile operator by subscribers after a merger with New World Mobile's operations in March. It doubled its number of subscribers by partnering with New World Development's New World Mobile, in a bid to better compete in the highly competitive Hong Kong market. The combined company now commands 2.6 million customers, or about a 34 percent market share even as costs are still high with regard to marketing related to its 3G mobile network. CSL said its total expenses climbed 15.7 percent to HK$4.1 billion (US$527.1 million).

Media, Entertainment and Gaming

- **The Hong Kong Economic Journal, considered to be Hong Kong's oldest and most respected economic daily disclosed the selling of about 50 percent of its shares to a trust company owned by Richard Li Tzar-kai, the outgoing chairman of PCCW.** The deal is placed at HK$250 million (US$32.1 million) and is seen as the first step in additional acquisitions of a bigger stake in the daily by Clermont Media, an offshore trust,. An official of the daily said a new company would be set up to hold the paper. The official called the sale a good deal for the paper. The Hong Kong Economic Journal is noted for its highly independent stand on many issues.

Singapore/Malaysia/Philippines/Indonesia

Software

- **Creative Technology reported an annual net loss US$118.2 million compared with a US$588,000 profit in the previous year, amid market forecasts for a full-year loss of US$128.7 million to US$140 million.** Despite the results, the Singapore-listed firm declared it is looking to the company returning to profitability by the end of this year amid ongoing efforts to trim expenses and hopes of a boost from the launch of new products. The company said sales in the year to June were US$1.1 billion, down from US$1.2 billion in the previous year. For the fourth quarter to June, Creative narrowed its losses to US$12.7 million from US$31.9 million last year. The company explained this result as party caused by a US$10 million tax write-back. Creative owes its popularity to its SoundBlaster card that allowed personal computers to be used as home entertainment units but it has struggled recently after venturing into consumer electronics. The company has targeted the MP3 player market as a key to growth but has found it difficult to match Apple's iconic iPod, which dominates sales in the crucial US market.

Telecommunications

- **Philippine Long Distance Telephone Co (PLDT) reported a 7 percent decline in its first-half net profits of 15.3 billion pesos (US$298.8 million). Despite the decline, analysts noted the remarkably strong growth in PLDT's mobile subscriber base.** The company ascribed the decline to losses on depreciation charges and foreign exchange. For the three months to June, PLDT said its net profit went down by 7.8 percent to 6.7 billion pesos (US$130.8 million). For its core net profit, which excludes foreign exchange gains, deferred tax assets, and additional depreciation, PLDT posted an 11 percent rise in its interim net income to 15.2 billion pesos (US$296.8 million). The company indicated a growth in its capital spending to 12.4 billion pesos (US$242.1 million) in the first half, with this expected to go up to 20 billion pesos (US$390.6 million) for the whole year. Its fixed-line service revenues went down by 1 percent to 24.1 billion pesos (US$470.1 million). Its first half wireless revenues posted a 6 percent growth to 38.6 billion pesos (US$754 million). PLDT reported a total mobile phone subscriber base of 22.5 million.

United States/Canada

Internet

- **Google announced an agreement with MySpace.com in a deal worth at least US$900 million in shared advertising revenue.** Under the agreement, Google would serve as the exclusive search provider for the popular online hangout. The multiyear deal would also see News Corp's Fox Interactive Media unit adding Google search boxes to MySpace and other sites, probably by the end of the year, with Google providing search results and keyword ads targeted to people's search terms. Google will also get first rights to sell any display ads not sold by Fox directly. According to comScore Media Metrix, MySpace has grown to become the second-busiest site in the U.S. after Yahoo. It has about 100 million registered users. It has varied features such as message boards, games, and web journals. Besides MySpace, the deal covers most of Fox's other sites, including IGN, AmericanIdol.com, Fox.com, and Rotten Tomatoes. Fox Sports is not included because News Corp already has a deal with MSN.
- **Several big advertisers are part of a group that that will test with eBay the idea of selling television advertising in an electronic marketplace.** The group of marketers and advertising agencies looking to try a different way of selling ads includes Toyota Motor, Wal-Mart Stores, Microsoft, Hewlett-Packard, and Home Depot. The Association of National Advertisers (ANA) and the American Association of Advertising Agencies are supporting the pilot program.
- **Expanding its online video reach, Google said it will begin distributing clips from MTV Networks' shows to other web sites through its video service using a model that offers content creators a new source of distribution and revenue.** Video has become one of the fastest-growing formats online as new delivery mechanism, with faster computers and wider broadband adoption, it makes the medium more accessible to a broader audience. A top official of Viacom, MTV's parent company, said that working with Google will give them opportunity to distribute their content more widely on the web "in a seamless and targeted way". Officials did not divulge details on how the revenue would be appropriated, citing confidential terms of the deal. Viacom representatives said it was not yet clear how many sites in Google's network would be selected for the partnership's test phase. The video deal comes less than a week after Google disclosed that it has agreed to pay The Associated Press for news stories and photographs.

- **The research firm TeleGeography reported that subscribers to Internet-based telephone services in the U.S. registered a 21 percent growth to 6.9 million in the second quarter.** The figure on VoIP shows a153 percent increase compared with mid-last year. VoIP revenues for the second quarter were up 173 per cent at US$607 million across the U.S., compared with a year-earlier level of US$221 million. The report also said that cable TV companies now account for 60 percent of VoIP subscribers, a rise from 52 percent in the middle of last year. Vonage and other VoIP providers hold the remaining 40 percent, or about 2.8 million subscribers. The report also noted that even if the cable companies entered the market after pure-play VoIP companies, the superior financial resources and established customer relationships of these companies have given them a huge marketing advantage.

Mobile/Wireless

- **Sprint Nextel announced that it would use an emerging technology called WiMax to build a new high-speed wireless network.** With the plan, Sprint said it is aiming to spend about US$1 billion on the initiative next year and between US$1.5 billion and US$2 billion in 2008. The plan was announced following a report from the company regarding a 38 percent decline in its second-quarter profit. The WiMax initiative was made as Sprint deploys its 3G cellular data network. A top company official said he expects WiMax services would be released through the company's new partnership with the nation's four largest cable companies, which plan to begin selling Sprint cell service this year.
- **The U.S government announced through the Federal Communications Commission the auctioning of rights to mobile-phone-friendly airwaves.** The auction has already brought in some US$4.3 billion from 168 bidders who made payments to be able to compete for the right to use portions of the radio spectrum, a publicly owned highway in the sky that allows sound, data and pictures to be transmitted. The auction is expected to generate as much as US$15 billion to the U.S. and contribute to the widening of advanced services for mobile wireless customers. All in all, the companies will be bidding for 1,222 licenses to use the spectrum. The term is initially good for 15 years. Identified, as top qualifier was Wireless DBS, an alliance that included two competing direct broadcast satellite providers: EchoStar Communications and the DirecTV Group, with the bidders paying US$972.5 million. No. 2 is SpectrumCo, a consortium of Comcast, Time Warner, Sprint Nextel, Cox Communications, and Bright House Networks, with US$637.7 million. Third was T-Mobile License, at US$583.5 million.

Hardware

- **Cisco Systems reported a net income for the three months to July 29 to have reached US$1.5 billion, a figure that would have posted a 22 percent increase except for US$152 million in compensation expenses related to employee stock options and employee stock purchases.** For its quarterly, the company reported a rise to US$7.9 billion from US$6.6 billion. Excluding options and other expenses, Cisco earned US$1.9 billion, compared with US$1.6 billion in the fiscal fourth quarter of last year. Cisco earned US$5.6 billion in this year fiscal year on sales of US$28.5 billion. Excluding special expenses, Cisco earned US$6.9 billion. Analysts were expecting the company to earn US$6.7 billion, on annual sales of US$28.4 billion. Cisco is one of the world's largest makers of routers, switches and other devices that connect computers to the Internet. It also produces digital subscriber lines, cable broadband equipment, Voice over Internet Protocol telephone service products and network management software.

- **Apple Computer announced the completion of its switch to Intel microprocessors and previewed its next-generation operating system, with the company deploying Intel-based Macs for professional users and servers for businesses.** They replaced the last Apple machines to run PowerPC chips built by IBM and Freescale Semiconductor. The new "Mac Pro" computer, available immediately, replaces the PowerMac G5. Apple said the new system, which runs the latest Intel Xeon chip, is two times faster and costs US$2,499 — about US$800 less than the G5. The new Xserve computers, which also run Xeon chips, will be available in October.

Information Technology

- **Brocade Communications Systems disclosed that it has agreed to acquire rival McData in an all-stock deal worth about US$713 million.** Under the terms of the agreement, McData stockholders will receive 0.75 shares of Brocade common stock for each share of McData class A common stock and each share of McData class B common stock they hold. The transaction is valued at about US$4.6 per McData share. Once the transaction is completed, McData shareholders will own approximately 30 percent of Brocade, with the transaction tax-free to McData shareholders. Brocade Communications Systems offered the Brocade SilkWorm cluster of storage area network connectivity platforms and the Brocade Tapestry of IT infrastructure solutions, which allows the ability to manage application and information resources across the enterprise. The merger is seen as creating annual synergies of approximately US$100 million.

Europe

Mobile/Wireless

- **Nokia announced that it has agreed to buy digital media specialist Loudeye in a deal worth about US$60 million.** Through the acquisition, Nokia said it is looking to offering consumers a comprehensive mobile music experience. With the transaction, Loudeye stockholders will receive US$4.5 per share in cash for each share of Loudeye common stock. The transaction is expected to be completed this fourth quarter, subject to satisfaction of a number of conditions, including approval of Loudeye's shareholders. Loudeye operates 60 live services in more than 20 countries and multiple languages across Europe and South Africa, Australia, and New Zealand. The company aggregates rights and content from all the major labels and hundreds of independents and currently offers licensed catalogue and complete media for over 1.6 million music tracks.

Media, Entertainment and Gaming

- **Warner Music International said it has licensed songs from its catalogue of music by selected artists to Russian mobile carrier VimpelCom Group, a Russian mobile carrier.** The deal between the global arm of Warner Music Group and VimpelCom is considered to be the first of its kind to involve a major Western record label and a Russian mobile operator. VimpelCom, which operates under the Beeline brand, has more than 50 million subscribers. It provides mobile service in Russia and the neighboring nations of Kazakhstan, Ukraine, Tajikistan, Uzbekistan and Georgia. Beeline disclosed its plans to launch a music portal later this month to sell ring tones, so-called master tones or snippets of master sound recordings, full-track song downloads and other content for customizing mobile phones. Industry observers consider the Russian mobile music market a safer bet for record companies, who have seen sales affected by digital piracy on online file-sharing networks or web sites that make songs available free or well below cost, but without permission.

Semiconductors

- **Infineon slashed the IPO of Qimonda, the chipmaker it spun off, by nearly half early, ascribing the decision to a weak demand for IPOs in the U.S.** With the reduced offering, Germany's biggest chipmaker ended up raising US$546 million, down from the more than US$1 billion it had initially sought. Infineon said it was offering 42 million American Depositary Shares, down from the 63 million shares it planned to offer at US$16 to US$18 apiece. Earlier in 2005, Infineon, one of Europe's largest chipmakers, disclosed that it planned to carve out its highly cyclical memory chip business to create two focused and independent companies that would better cope with the different dynamics in each markets. Qimonda sells DRAM, or dynamic random access memory, chips to some of the world's largest computer makers, including Dell, Hewlett Packard and IBM. Qimonda plans to use proceeds from the offering to expand its facilities in Richmond, Virginia, on research and development, and expand its manufacturing capacity. In the latest quarter, Qimonda made 100 million euros (US$127.2 million) in the latest quarter, compared with a loss of 136 million euros (US$173 million) a year earlier.

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

Week of 6 August- 12 August 2006

Other Economic Data

Currency Exchange Rates						
Currency	**Units**	**Current Rate (on 8/11/06)**	**% Change 1 Week Ago**	**% Change 1/1/2006**	**% Change 1/1/2005**	**% Change Last 12 Mth.**
Japanese yen	¥/US$	116.3150	1.7%	-1.2%	13.3%	6.0%
Hong Kong dollar	HK$/ US$	7.7768	0.0%	0.3%	0.1%	0.1%
Chinese renmenbi	RMB/ US$	7.9760	0.1%	-1.2%	-3.6%	-1.5%
Singapore dollar	S$/ US$	1.5794	0.6%	-5.0%	-3.2%	-4.1%
South Korean won	KRW/ US$	961.7500	0.1%	-4.8%	-7.1%	-5.1%
New Taiwan dollar	NT$/ US$	32.6405	-0.5%	-0.6%	2.8%	2.3%
Australian dollar	US$/A$	0.7664	0.1%	4.6%	-1.8%	-1.0%
New Zealand dollar	US$/NZ$	0.6334	1.1%	-7.4%	-11.8%	-10.2%
Philippine peso	PHP/ US$	51.2200	-0.3%	-3.5%	-8.9%	-8.0%
Euro	US$/€	1.2721	-1.3%	7.4%	-6.1%	2.0%
British pound	US$/£	1.8899	-0.9%	9.7%	-1.5%	4.4%

Fixed Income Prices and Yields							
Note	**Currency**	**Current (on 8/11/06)**		**1 Week Ago**		**4 Weeks Ago**	
		Price	**Yield**	**Price**	**Yield**	**Price**	**Yield**
US 30-year	US$	111.5983	5.12%	109.9235	5.13%	105.8490	5.43%
Japan 30-year	¥	152.6795	2.34%	154.6730	2.32%	152.1750	2.41%
Hong Kong 10-year	HK$	101.3779	5.83%	101.7204	5.77%	101.1470	5.86%
China (06/16)	US$	103.4276	10.84%	103.2747	10.86%	103.0420	10.89%
Singapore 10-year	S$	86.4937	8.71%	85.1917	8.83%	84.7500	8.87%
South Korea 20-year	US$	99.0320	4.27%	99.6250	4.31%	100.9730	4.19%
Australia 15-year	A$	96.1280	4.19%	97.2870	4.23%	95.7070	4.25%
New Zealand (12/17)	NZ$	111.5983	5.12%	109.9235	5.13%	105.8490	5.43%
Philippines 20-year	PHP	152.6795	2.34%	154.6730	2.32%	152.1750	2.41%
India 30-year	INR	101.3779	5.83%	101.7204	5.77%	101.1470	5.86%
UK 30-year	£	103.4276	10.84%	103.2747	10.86%	103.0420	10.89%
Germany 30-year	€	86.4937	8.71%	85.1917	8.83%	84.7500	8.87%