

IRG WMR



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

Week of 24 June - 30 June, 2007

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Equity Market Indicators					
Index	Closing Level (6/29/2007)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change 2006 Low
S&P 500	1,503.35	0.1%	6.0%	20.4%	22.9%
Dow Jones Industrial Avg.	13,408.62	0.4%	7.6%	25.1%	25.7%
Dow Jones Tech. Index	448.41	0.4%	8.7%	19.5%	33.1%
Dow Jones Telecom. Index	292.19	1.7%	12.3%	44.9%	45.2%
NASDAQ Composite	2,603.23	0.6%	7.8%	18.0%	28.8%
The Street.com Net	272.04	1.5%	10.0%	29.3%	41.3%
Japan Nikkei 225	18,138.36	-0.3%	5.3%	12.6%	27.6%
JASDAQ	82.10	-1.3%	-4.7%	-36.9%	1.6%
Japan Mothers	915.38	-3.1%	-17.6%	-64.0%	-9.3%
Korea KOSPI Composite	1,743.60	-1.5%	21.6%	26.4%	44.8%
Korea Kosdaq	778.69	-3.8%	28.5%	12.6%	44.4%
Taiwan Stock Exchange	8,883.21	0.8%	13.5%	35.7%	42.0%
Singapore Straight Times	3,548.20	-1.9%	18.8%	51.2%	55.6%
Hong Kong Hang Seng	21,772.73	-1.0%	9.1%	46.4%	45.7%
Hong Kong GEM	1,631.52	-2.1%	33.2%	62.0%	62.3%
China Shanghai (A-Share)	4,009.97	-6.6%	42.4%	228.4%	222.9%
China Shenzhen (A-Share)	1,125.70	-9.5%	97.6%	288.1%	281.6%
China Shanghai (B-Share)	254.98	-7.8%	96.0%	311.2%	305.2%
China Shenzhen (B-Share)	672.20	-2.8%	55.1%	243.6%	237.4%

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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
6/26/07	CampusU Inc. [CMPS.US] (NASDAQ)	Internet	US\$28.8	Retails products to college students over the Internet, as well as forming online communities	Maxim Group	

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 6/29/07	% Change From Offer
6/28/07	Bridgeline Software [BLSW.US] (NASDAQ)	Develops computer software and markets web applications and software tools	US\$18.0	US\$5.00	US\$5.00	0.0%
6/27/07	PROS Holdings [PRO.US] (NYSE)	Develops and markets business computer software, such as pricing and optimization	US\$82.0	US\$11.00	US\$13.10	19.1%
6/26/07	Comscore Inc [SCOR.US] (NASDAQ)	Provides database Internet infrastructure services to the Internet economy	US\$80.0	US\$16.50	US\$23.15	40.3%
6/26/07	Spreadtrum Communications [SPRD.US] (NASDAQ)	A fabless semiconductor company that designs, develops and markets baseband processor solutions for the wireless market	US\$114.0	US\$14.00	US\$14.53	3.8%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 6/29/07	% Change From Offer
6/29/07	Shenzhen Topband Electronics [002139.CH] (Shenzhen)	Electronics manufacturer of digital and audio components for OEM and ODM products	US\$24.9	CNY 10.48	CNY 60.00	472.5%
6/26/07	Nextchip Co., Ltd. [092600.KS] (KOSDAQ)	Manufactures semiconductor chips such as video, security, sensor, camera, multi-standard and video	US\$17.6	KRW 15,700	KRW 21,100	34.3%

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
6/28/07	Dom Co Ltd., (078610.KS)	Designs, manufactures and processes metallic and plastic molds for mobile phones	7/11/10	US\$12.9	1,930 shares	6/11/10

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Weekly Highlights

International

Hardware

- **According to Displaybank, global shipments of LCDs went up 11.1 percent to a record high of 33.1 million for the month of May from the previous month.** The report indicated that the LCD industry posted a 15.3 percent rise in its overall revenue to US\$5.6 billion from April and stands for a 41 percent increase from the same period a year ago. The shipments of LCDs for TVs and computer monitors posted a 7 percent growth to 6.6 million and 8 percent to 15.8 million, respectively, from the previous month. The market research group noted that panels for notebook PCs displayed strong growth, reaching 9.6 million units in May, up 20 percent from April. By countries, Taiwan topped LCD shipments, with 46 percent of the market share. South Korea followed with a market share of 43 percent. By LCD manufacturers, LG.Philips LCD is No. 1 with 21.3 percent of market share in terms of shipments, followed by Samsung Electronics with 21.1 percent and Taiwan's AU Optronics with 20 percent. In terms of revenue, Samsung Electronics maintains the No. 1 slot with 24.1 percent, followed by LG.Philips LCD with 21.6 percent and AU Optronics with 18.9 percent.

Japan

Media, Entertainment and Gaming

- **According to a study done by Nikkei newspaper, Namco/Bandai, Sega and Capcom are all throwing their support behind Nintendo by increasing the number of distinct titles as well as the number of units ordered for games on Nintendo systems.** Under the alliance, Namco/Bandai is reportedly coming up with some 115 games for the DS and Wii in 2007. The report also indicated that Sony could expect a 30 to 40 percent drop in orders from the Namco/Bandai, Sega and Capcom.
- **Nintendo Co. announced its move to open its Wii game system to independent video-game developers.** The company said it will allow hobbyists and game studios to create and sell downloadable Wii games with a tool called WiiWare. Gamers will be able to purchase the games through the console's Wii Shop channel starting in early 2008. Industry observers note that Nintendo may be adopting the strategy of Microsoft Corp., which deployed its XNA Game Studio tools that allow developers to design video games for its Xbox 360 console.

Internet

- **According to the Tokyo Stock Exchange, Full Speed Inc., a Japanese Internet consulting and advertising service company, has secured approval to list on the Exchange's Mothers market.** In its IPO, the company will offer 3,300 shares to the public, with 2,000 being newly issued shares and 1,300 shares currently held in private. The company will conduct book building for the IPO shares. Full Speed looks to generate 930.5 million yen (US\$7.5 million) from the offering. For the current fiscal year through July, the company forecasts a group pretax profit of 800 million yen (US\$6.4 million), net profit of 435 million yen (US\$3.5 million), and revenue of 5 billion yen (US\$40.5 million). Mizuho Investors Securities is the lead underwriter of the offer.

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Mobile/Wireless

- **An independent committee tasked by the Japanese government to introduce major changes in the country's mobile sector disclosed that it looks to an increase in competition that would allow consumers to keep the same handset even if they change carrier.** The head of the committee said that introducing handset portability immediately would be technically impossible given the differences in the technological systems of the carriers. The committee, however, indicated that it would be done in two or three years. Analysts are saying that the move, which is expected to be accepted by the authorities, would underscore the government's aim to effect a radical change in the mobile market.

Software

- **KDDI Corp. and Microsoft Corp.'s Japanese unit announced entering into an agreement that will see the two companies jointly providing corporate-use online software services in Japan.** Under the alliance, companies can use the software services, known as SaaS, based on Microsoft's Windows platform via mobile and fixed telecommunication lines with personal computers and mobile terminals.

Hardware

- **Victor Co. of Japan (JVC), a Japanese electronics maker, announced its plan to leave the Japanese car audio market and focus on growing overseas markets.** According to its spokesman, JVC's car audio business in Japan had been losing money and accounted for just 5 percent of the company's total car audio sales, even as its overall business is profitable and revenue is expanding. The Japanese car audio market has been declining in recent years as more cars now are released with brand-name audio systems. JVC plans to continue some domestic original equipment manufacturing operations and supply some products directly to car manufacturers. In earlier reports, JVC has been reported as considering a merger with Kenwood Corp.

Information Technology

- **Verizon Business and SoftBank Telecom jointly announced entering into a strategic alliance agreement that is seen as favoring the multinational customers of both companies doing business in Japan.** The partnership is expected also to provide customers with access to networks and capabilities of each company. SoftBank Telecom is one of Japan's largest ICT (information and communication technology) solution companies. It has a nationwide fiber-optic network of more than 13,000 kilometers. Verizon Business owns and operates one of the most expansive IP backbone networks in the world, and provides the industry's best portfolio of global IP and mobile devices, services and solutions for business, government and education customers worldwide.

Korea

Internet

- **SK Telecom Co. announced its decision to have Internet portal unit SK Communications Co. combine with affiliate Empas Corp. in a bid to boost its web and e-commerce businesses.** The integration of SK Communications with Empas is expected to enable SK Communications to list its shares without an IPO. Empas is listed on the KOSDAQ. Under the arrangement, SK Telecom will own 64 percent of the new entity as top shareholder. SK Communications aims to improve its web searching and build commerce services on the back of its 20 million Cyworld user base. The plan is

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also in line with parent SK Telecom's ambition to expand in e-commerce, bringing together mobile and Internet users in an online industry. With the announcement, SK Telecom said it has no intention to acquire hanarotelecom, a fixed-line and broadband company.

- **According to the Ministry of Information and Communication, a limited real-name system for online portals will be implemented immediately in South Korea.** The report mentioned Naver and Daum, two of South Korea's most popular web sites as taking the lead, with other online portals like Empas announcing that they will introduce a limited real-name system in early July. Under the regulation, these companies said they will require users to go through identity verification upon leaving messages, video clips and sound documents on bulletin boards operated by them. Users of these web sites can continue using current IDs and aliases and freely post messages once they go through the initial verification, the ministry said. By the end of July, 16 more Internet portals, five user-created content sites with over 300,000 daily users and 14 Internet media sites with over 200,000 daily users, will be part of the new system. The system is being implemented to protect users against language abuse and defamation observed to be easily done given the anonymity of web sites.
- **According to a survey conducted by Career, an online recruitment portal site, jobseekers in South Korea favor Google Korea as the most wanted foreign employer by jobseekers.** Of those surveyed, 11.5 percent said they preferred Google Korea as their future employer among overseas-based enterprises. The study placed at the top Google Korea, followed by IBM Korea with 9.8 percent in second place. P&G Korea came in at No. 3 with 6.8 percent, trailed by 3M Korea with 6.1 percent and Renault Samsung Motors with 5.8 percent. Of those surveyed, 38 percent singled out Google for its positive corporate image as their reason for wanting to work there. Other reasons included the potential of the corporation, which accounted for 27.6 percent of the responses. Annual salary as a factor came in at 18.9 percent. Microsoft Korea, L'Oreal Korea, HSBC, GM Daewoo and Samsung Tesco completed the top ten.
- **Pandora.TV, a South Korean online video portal, revealed its overseas expansion plan in a bid to be the "YouTube of Asia."** The company currently attracts about half of all South Korean Internet users to its site monthly. Pandora TV said it is aiming to offer longer and higher-quality video than those available through other sites. The company is close to breaking even. According to its top official, the company sells advertising on the site and as pre-roll and post-roll embedded into the video stream, and takes 80 percent of the video advertising spent in South Korea. It also offers users a slice of the advertising revenue made from their personal content. In addition to the web-based service, Pandora.TV also offers users a mini player that resides in the windows system tray and pops up when new videos are posted to favorite channels. The company has also entered into a number of agreements to get selected content on mobile phones and on public display screens in the Seoul subway, as well as on trains and in hospitals. The company said it has about 15 million unique users per month and 70 million page views per day, and serves up 6.5 million video streams. At present, the site uses Windows Media even as it has announced that the international versions will use Flash video.

Media, Entertainment and Gaming

- **ArcheBooks Publishing announced that it has completed negotiations for the South Korean distribution of their best selling instructional guide "A Beginner's Guide to Second Life" by v3Image.** The report said the Seoul-based Amo Agency focused on ArcheBooks at the direction of the CEO of Second Life Korea with the aim of getting the rights as soon as possible. The Amo Agency maintains relationships with several other U.S. and UK publishers, including such noted firms as John Wiley & Sons, National Geographic, and Octopus Publishing Group. Second Life is

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considered the fastest growing 3D game on the Internet. It currently exceeds 7.4 million sign ups, and looks to register more than 10 million clients by the end of the year. ArcheBooks Publishing is an innovator in premium hardcover original fiction and historical works, offering the best in Mystery-Suspense, Science-Fiction, Fantasy, Horror, Women's Fiction, Historicals, Contemporary, Humor, and Self-Help.

- **According to the North American arm of one of South Korea's largest and most successful game publishers, Double Fusion has been chosen as a videogame advertising partner by online game publisher iiji.com (NHN USA).** iiji.com is a premier game destination offering a full range of casual to serious multiplayer games. It also supports advanced community features, including personalized avatars, multiplayer tournaments, and item sales and exchange; all of which offer marketers branding opportunities in addition to in- and around-game advertising placements. Industry observers see the agreement between Double Fusion and iiji.com as showing how games are consumed online, with iiji.com delivering high-quality multiplayer games with high quality graphics to consumers for free, through the support of videogame advertising, sponsored game and portal features, and in-game item sales. Headquartered in California, NHN USA's iiji.com is a subsidiary of NHN. Founded in 2004, Double Fusion is the leading independent provider of dynamic in-game advertising. Double Fusion is privately held and headquartered in San Francisco, with offices in Los Angeles, New York, Jerusalem, London, and Shanghai.

Software

- **Stretch Inc., the pioneer and leader in software configurable processors, announced it has chosen MJL Technology Ltd. as its distributor in South Korea.** MJL Technology will provide marketing, sales, and technical support throughout the country for Stretch's entire product line of software configurable processors, development tools, development kits, and reference design kits. With headquarters in Seoul, Korea, MJL Technology states as its corporate mission the utilization of core technologies and leadership capabilities to become a global provider of cellular, digital consumer, telecommunications, and IT solutions. Stretch Inc. delivers a family of software configurable processors, the first to embed programmable logic within the processor. Stretch devices are used in video processing, machine vision, and wireless applications worldwide.

Telecommunications

- **SK Telecom (SKT) announced its decision to forge service tie-ups with several cable service providers next month, a move that will allow the company to offer subscribers bundling discounts on Internet services.** According to its CEO, SK Telecom has already reached agreements with three MSO (Multiple System Operators) companies. With the deal, SKT disclosed that subscribers to its T-Login wireless Internet services can get a 10 percent discount on cable broadband services, and vice versa. Industry sources said about 50 percent, which stands for 14 million of all Internet users, now use services from the top three MSO companies: T-Broad, C&M and CJ Cablenet. SKT also disclosed its plan to deploy a similar bundling scheme with fixed and mobile television services by the third quarter of the year, with the choices not limited only to those companies in which it maintains or holds shares.

Semiconductors

- **Samsung Electronics announced its development of a multi-standard mobile TV tuner chipset that supports the multiple digital mobile TV standards around the world.** Mobile TV is a service that allows you to watch television on the move, such as Korea's DMB. Samsung's new tuner chipset will enable users to watch mobile TV in Asia, Europe and other parts of the world on the

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same device. As early as 2005, Samsung has been developing its mobile broadcasting technology, which includes the development of a European Mobile Broadcasting (DVB-H) decoder. According to Strategic Analytics, the mobile TV market is expected to grow at a compounded annual rate of 67 percent, from 12 million units in 2007 to 130 million units by 2011.

Information Technology

- **Industry observers noted that shares of Samsung Card Co., Korea's third-largest credit card issuer, have surged 27.5 percent at one point to 61,200 won (US\$66.5) from its initial sale price of 48,000 won (US\$52).** Samsung Card had previously tried going public in 2002, but stalled following the household credit card crisis in 2003 and 2004. In 2003, Samsung was able to generate 800 billion won (US\$867.4 million) from the debt market through issuances of 5-year convertible bonds. In 2006, the company posted its first full-year profit, reporting 271.9 billion won (US\$294.8 million) in net income for the year. Samsung Card said it will use IPO proceeds to repay debts. Samsung Card, an affiliate of Samsung Group, owns 25.6 percent of Samsung Everland Inc. Samsung Group affiliates still own 79.05 percent of Samsung Card, with Samsung Life Insurance Co. holding 30.8 percent and Samsung Electronics Co. owning 41.2 percent

Ventures/Investments

- **PDF Solutions, Inc., the leading provider of process-design integration technologies to enhance IC manufacturability, announced the establishment of a Korean subsidiary and the opening of its office in Bundang, Korea, which is outside Seoul.** PDF Solutions Semiconductor Technology Korea Limited said its office will provide sales, support and services to the country's integrated device manufacturers (IDMs) and foundries, engaged with PDF Solutions on yield ramps or utilizing its software products. PDF Solutions, Inc. offers solutions that are designed to enable clients to lower costs, enhance time to market, and improve profitability by addressing design and manufacturing interactions, from product design to initial process ramps to mature manufacturing operations. Headquartered in California, PDF Solutions operates worldwide with additional subsidiaries and offices in China, Europe, Japan, and South Korea.

China

Internet

- **After experiencing setbacks in China, eBay disclosed that it will make a re-entry into the country's online auction business.** The company set its comeback this summer and announced it will work through a third party escrow service of Tom eBay, a joint venture company it set up with Tom Online in 2006. Before this, eBay carried out business in China through eBay Eachnet, which saw declining market share with the rise of local auction website Taobao.com. Responding to this, eBay went on to form Tom eBay. Industry sources said Tom eBay will use an escrow service, where payments will be held until buyers are satisfied with their purchases.

Media, Entertainment and Gaming

- **Ultizen Games Ltd., a game development and outsourcing company, announced that it has raised US\$1.5 million in its first institutional round of funding from Dragonvest Partners.** The company said the Series A funding will be used to widen the company's international operations and Shanghai game development studio. Shanghai-based Ultizen Games is one of the top ten game outsourcing companies in China. The company provides high quality game development outsourcing services to North American, European and Japanese clients for traditional console game platforms, as

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well as the newest platforms from Microsoft, Sony and Nintendo. Ultizen Games' 150-person studio provides game development services including game design, porting, programming and testing, art and sound effects, localization, and background environment development. The company was founded in 2005 by a group of industry experts from Ubi Soft China, Shanda and The 9. Based in Shanghai and with offices in Beijing and the U.S., Dragonvest Venture Partners is a venture capital firm focused on investing in emerging fabless chip design, digital media and medical device companies based in China that address the domestic and global markets.

Mobile/Wireless

- **Analysys reported that the third-party payment market of China in the first quarter of this year has registered 14.3 billion yuan (US\$1.9 billion), out of which 13.9 billion yuan (US\$1.8 billion) was attributed to the online payment sector.** The report indicated that, for the first quarter of 2007, payment conducted through mobile phones and telephones hit 321 million yuan (US\$42.1 million) and 740,000 yuan (US\$97,000), respectively. Analysys noted that online payments remained the main means of payment of the third-party payment market, with Alipay accounting for 50.3 percent of the total market shares. Chinapay and Tenpay completed the top three third-party payment firms. The report forecast that the overall market scale will go beyond 100 billion yuan (US\$13.1 billion) in 2008 and 280 billion yuan (US\$36.7 billion) in 2010.
- **Linktone, a mobile value-added service company, announced its forming of a joint venture with Greatdreams Cartoon Industry to provide animated cartoon wireless value-added services.** The "Greatdreams Cartoon Club" program is aired for 22 minutes everyday across 500 television stations in China. The CEO of Linktone described the joint venture as an example of the company's cross media strategy. The company said it is aiming at the development of new and traditional media channels while using core wireless platform to reach a broader audience. The joint venture will focus exclusively on cartoon content and channel resources to develop and operate wireless value added services. Greatdreams Cartoon Industry Limited Company is a large, professional high-tech company that focuses on the research on computer animation software, the production of cartoon programs, and development of cartoon derivative products. It was formed in June 2004 with registered capital of 60 million yuan (US\$7.8 million), which was increased to 300 million yuan (US\$39.4 million) in just one year.
- **KongZhong Corporation , one of China's leading providers of wireless value-added services (WVAS) and a wireless media company providing news, content and mobile advertising services through its wireless Internet sites, announced that it has entered into an agreement to work with MSN Network Communications Technology Company Limited (MSN China), a Microsoft joint venture in China, on Mobile Messenger 3.0.** Under the agreement, KongZhong will be the sole content provider in China for the information channel and mobile games channel of Mobile Messenger 3.0, which is being officially launched in China in the month of June. Mobile Messenger 3.0 is the mobile phone version of Microsoft's popular instant-messaging application, Windows Live Messenger. The agreement stipulates that KongZhong will pay MSN China a fixed fee per channel, with the cooperation period set for one year.
- **ALONG Mobile Technologies Inc., a leading provider of wireless interactive entertainment products and services to customers in China, announced that it has entered into an agreement with Beijing You Jie Le Communication Technologies Co., Ltd to develop and launch a series of Hello Kitty mobile games.** Under the agreement, Beijing You Jie Le Communication Technologies Co., Ltd will provide the legal copyright and publishing rights in China for the mobile

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phone game. The new mobile game is based on the highly successful and widely popular cartoon character - Hello Kitty. The mobile game will allow fans of the cartoon and casual gamers the chance to experience a real sports meeting with the Hello Kitty and three other athletes. The mobile games will be available as a download at the Treasury Box of the Mobile Network of mobile phones, with the game scheduled for release from the middle to the end of July 2007. Beijing You Jie Le Communication Technologies Co. Ltd is a company mainly engaged in developing GPRS-based applications and service for China Mobile subscribers. ALONG Mobile Technologies Inc. is a public U.S. corporation, registered in Nevada State with headquarters in Xi'an, and a leading mobile value-added services provider of award winning mobile technology, content, games and applications in China.

Software

- **Oracle announced that operations have been initiated in its Global Support Center and subsidiary in Dalian Software Park.** The Dalian Global Support Center is expected to work closely with the Dalian government and local clients and partners to build relationships. As one of the 18 Global Support Centers of Oracle, it is also seen as providing Oracle's relevant products and high-end technical services to clients in East Asia in the local language.

Hardware

- **PacificNet, which provides outsourcing and services such as e-commerce and telemarketing, announced its plan to sell the TiVo digital video recorder and services in major Chinese cities.** Under the agreement, TiVo products and services would be distributed in Beijing, Shanghai, Guangzhou, and other major cities through PacificNet's subsidiary iMobile, which operates its e-commerce business via two Internet portals. A third portal is meant for web browsing on mobile phones. TiVo Greater China (TGV), a close partner of TiVo in California, holds the exclusive rights to provide TiVo products and services in the China and Singapore region. Under the agreement, PacificNet said it plans to sell TiVo through online sales and through what it has dubbed "user trial activities." As its response to growing competition, TiVo has been tying its DVR to the Internet. TiVo also has made it possible for subscribers to share personal videos online. PacificNet is incorporated in the U.S. and trades on the NASDAQ.
- **In cooperation with 13 channel operators, Intel announced its launch of a joint maintenance program called "Mei Lian Deng" to provide better maintenance for PC consumers across China.** The 13 channel operators are Shenzhen Jumper Computer, Chengdu Doyen, Daqing Tonqin, Shenyang Lianfang, Yunan Jinli, Zhejiang IETO, Chongqing Bada, Xi'an Haixing Tianhui, Beijing Heyuan Muze, Shanxi Tongzhou, Zhengzhou Zhongcheng, Tianjin Enbo'er and Wuhan Lanxing. These operators are major PC brands in the cities where they are operating. Under the alliance, Intel and the 13 channel operators will pool their expertise to provide maintenance services for each other's brands. Analysts indicate these local PC brands are popular and that the move of Intel to support them is a way to expand its own market share.

Ventures/Investments

- **Following Best Buy's expressed agreement to acquire a majority interest in Jiangsu Five Star, media sources are saying that Best Buy may be on the way to fully taking over the fourth-largest appliance and consumer electronics retailer in China.** The CEO of Best Buy was quoted as saying that there will not be any change in the name and logo of the over 140 Five Star stores across China. As a stakeholder of Five Star, Best Buy said it would maintain double brand operation pattern. As one of the largest home appliance retailers in the world, Best Buy owns more than 1150 stores

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around the globe. Best Buy also disclosed its plans to open two more stores in Shanghai before March 2008, with the decision to increase its number of stores in the coming 18 months.

- **Industry sources announced the full linking up of the enterprise resource planning system of Gome and Yongle, a development that marks the successful completion of the business integration between the two sides after their merger.** According to the CEO of Gome, the parties' ERP integration is fast, efficient and ensures that the integration can reach its maximum scale. Gome acquired Yongle in July 2006.

Information Technology

- **PacificNet, Inc. a leading provider of gaming technology, e-commerce, and Customer Relationship Management (CRM) services in China announced that it is about to open a joint venture with Bellsystem24, Japan's largest telemarketing call center services provider, in Shanghai.** Bellsystem24 is Japan's largest telemarketing, call center and CRM Service Company, providing a variety of services for pursuing one-to-one marketing, such as call center, marketing solutions and media entertainment solutions, as well as pharmaceutical and medical support services. Bellsystem24 has over 5,000 clients, 27,348 communication service representatives and 33 offices throughout Japan. Under the joint venture agreement, it is indicated that PacificNet will own a 40 percent equity stake and Bellsystem24 a 60 percent stake of the new joint venture company to be named BELL-PACT Consulting Limited. The joint venture will principally offer CRM call center consulting and training services, technical and business consulting services, network product sales, software development, system integration, as well as value-added services and other relevant services.

Taiwan

Telecommunications

- **iPass Inc., a global provider of services that unify the management of enterprise mobility, and Chunghwa Telecom Co., Ltd., Taiwan's largest telecommunications company, announced the launching of Asia's first regional flat-rate pricing for unlimited Wi-Fi, wired broadband and dial-up access across the region.** The jointly developed service will allow Chunghwa Telecom's user base to benefit from predictable mobility costs and consistent, reliable connectivity when traveling pan-Asia. The new Chunghwa Enterprise flat-rate pricing plan offers business professionals an integrated service with unlimited redundant dial-up and nearly 23,000 Wi-Fi hotspot locations across the region, which includes Australia, Bangladesh, Bhutan, Brunei, Cambodia, China, Fiji Islands, Guam, Hong Kong, India, Indonesia, Japan, Republic of Korea, Laos, Macau, Malaysia, Mongolia, Myanmar, N. Mariana Island/Saipan, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam. With iPass software and services, customers can create easy-to-use broadband solutions for their mobile workers, home offices, and branch and retail locations, complete with device management, security validation, and unified billing. Hundreds of Global 2000 companies rely on iPass services, including General Motors, Nokia, and Reuters. Founded in 1996, iPass is headquartered in California with offices throughout North America, Europe and Asia. Chunghwa Telecom provides fixed-line, mobile and Internet and data services to residential and business customers in Taiwan.

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Media, Entertainment and Gaming

- **Unalis Corporation, an online game publisher and developer in Asia, announced that 9you International Limited is the exclusive China distributor for the online fighting game TAPA.** TAPA is a full 3D Massively Multiplayer online fighting game. The open beta date of TAPA in Taiwan has been set in June, with a beta for China following later. Headquartered in Taipei, Taiwan, Unalis has a long history of publishing and distribution of games using its very broad channels. Its product line includes PC games, TV games, online games and other peripheral products. Unalis has built a quality distribution system in Greater China both on physical and Internet channels and has more than 10 years of partnerships with leading worldwide game publishers and studios such as Blizzard, Activision, Ubisoft, and Valve. 9you is a famous online game publisher and developer in China. It has published many online games such as Audition.

Mobile/Wireless

- **Panasia Media Corporation (PMC), a subsidiary of Japan-based SoftBank in Taiwan, announced it will launch 3G communication services for Taiwan tourists in Japan in cooperation with Lion Travel Service, a travel agency in Taiwan.** Under the arrangement, the 3G services will be available to people from Taiwan visiting Japan, with the handsets assigned to them free of charge upon their arrival in Japan. The 3G services will consist of various value-added services, including free intra-network voice communications in Japan for 19 hours a day and Chinese-language voice information queries. PMC is responsible for marketing such tourist-based 3G services in the Asia region, with Taiwan as the initial market, and with services to be introduced in South Korea, Hong Kong, Singapore and China. Outside of 3G services, PMC has been promoting SoftBank's Internet-based multimedia value-added services to many markets in Asia through cooperation with providers of digital content or local telecom carriers.

Hardware

- **Amidst speculations that it intends to acquire Techview International Technology, an LCD monitor joint venture between Quanta Computer and the Pou Chen Group, TPV Technology, the world's large LCD monitor maker, denied the rumors and said that the company has no such plan.** According to TVP, it is unlikely that TVP will merge with Techview, as the companies share customers in the LCD monitor market. Industry sources indicate, however, that the Pou Chen Group still hopes to team up with TPV. Founded in 2003, Techview is focusing on the LCD monitor and LCD TV ODM/OEM business, with Acer as its largest customer at present.

Ventures/Investments

- **Chi Cheng Enterprise, which recently acquired Comsmart Industrial, announced that it may soon be receiving investment from Asustek Computer.** Chi Cheng recently acquired Comsmart, an LCD TV chassis maker. Earlier, Chi Cheng announced that the company's board of directors had approved an issue of no more than 20 million shares at a unit price of NT\$100 (US\$3) via a private placement, with the company's stated goal being to secure investment from a strategic partner. The same sources are now saying that Asustek is the buyer of the private placement; with its goal being access to the Chi Cheng affiliate Comsmart. Asustek is reportedly looking to increase its presence in the high-growth 3C segments, and LCD TV applications are one of its key focuses there.

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Hong Kong

Media, Entertainment and Gaming

- **Zuji, an online travel company owned by Travelocity, will offer real-time online booking for Hong Kong Disneyland Resort hotels on its sites in Australia, Singapore, Hong Kong, Korea, India, Taiwan and New Zealand.** The hotels can also be booked on other Travelocity-owned sites globally, including via lastminute.com in the UK. Other Disney hotels, such as those at the Disneyland Resort in California and Walt Disney World Resort in Florida, are already available on Zuji and Travelocity. Media sources said there is a plan to allow Hong Kong Disneyland theme park tickets to be sold online as well. Travelocity customers booked 16.6 million hotel room nights across the network in 2006, a growth of 30 percent year-over-year, while Zuji achieved 62 percent annual business growth in the same year.
- **VeriFone Holdings, Inc. announced that ValuAccess, a stored value gift card provider, has selected its VeriFone's PAYware GiftCard as the technology platform for its gift card system.** The system was initially deployed in ValuAccess's home city of Hong Kong and is planned for other major urban areas across China and the rest of Asia. ValuAccess allows retailers in the region to sell and accept gift cards in their stores and includes the ability for major retailers to sell their branded gift cards in stores other than their own, thus expanding the sales channels for their products. This concept is known as a *gift card mall*. Under the PAYware GiftCard management system, ValuAccess is able to distribute the gift cards; process gift card and loyalty point transactions; and manage the complete business from end-to-end, thus eliminating the need for third-party external agencies. ValuAccess disclosed that it has already signed up a number of major retailers and leisure organizations, which include HMV, the Dymocks bookstore chain and the Hong Kong trade development council's Design Gallery. ValuAccess has also introduced a Cinema Card for Edko Films Limited. ValuAccess' gift card mall distribution network covers some 800 7-Eleven stores throughout Hong Kong. VeriFone Holdings, Inc. is the global leader in secure electronic payment solutions.

Information Technology

- **KMA Global Solutions International, Inc. announced that the company's new Hong Kong branch has entered into an agreement to supply KMA's patented NEXTag sew-in source tagging solutions to the vendors of one of the largest apparel agents in Hong Kong, in a deal valued at an estimated US\$5 million.** Under the agreement, vendors from across Asia will now be purchasing upwards of 70 Million NEXTags from KMA Hong Kong for garments that will then be shipped to stores in North America and Europe. Under KMA's source tagging program, security tags are embedded in products or affixed to packaging at the point-of-manufacture. KMA Global Solutions International, Inc. is a leading worldwide manufacturer and supplier of Electronic Article Surveillance (EAS) labels for the multimedia, retail apparel, health/beauty aids, soft goods, and over-the-counter pharmaceutical industries. KMA provides low cost solutions for retail protection against inventory theft, offering customized labels that use a variety of patented formats to meet unique packaging needs.

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Singapore/Malaysia/Philippines/Indonesia

Media, Entertainment and Gaming

- **Ascent Media Consulting Services, a provider of strategic and technology consulting for the electronic media and entertainment industry, announced its continued worldwide expansion with the opening of a third office, in Singapore, that will provide increased focus on the growing Asia-Pacific market.** Ascent Media Consulting Services works with clients to create solutions in such areas as workflow design, facilities and infrastructure planning, and transitions to new technologies and platforms. In addition to working with broadcast, cable and satellite entities, the practice provides strategic advice to telecommunications companies seeking to expand video services offerings; technology companies entering the Media & Entertainment industry; and corporate enterprises. California-based Ascent Media Group is a wholly-owned subsidiary of Discovery Holding Company, which, through its Creative Services and Network Services divisions, provides creative and technical media services to the media and entertainment industries.
- **iPoint-media, a provider of live user content delivery platforms for web, mobile and TV, announces that MediaCorp Technologies Pte Ltd, the technology arm of the largest television broadcaster in Singapore, has selected its goliveTV participation TV service.** The service is seen as allowing the broadcaster to offer new, innovative viewer-interactive news and entertainment shows utilizing live-moderated, user-generated content (UGC). goliveTV enables TV broadcasters to offer new interactive participation TV show formats that help increase revenues, ratings and branding opportunities beyond existing participation TV solutions. Instead of participating indirectly via SMS voting, goliveTV lets viewer content become the focus of the show, with viewers able to call into a show from any broadband device, such as an Internet PC webcam or 3G mobile phone. The viewers can also record video content for airing in a broadcast and even take part in a live broadcast.

Software

- **Software AG announced its opening of an Asia-Pacific Regional Customer Care Center in Kuala Lumpur.** The company said its facility will serve all of Asia-Pacific, from Japan to Australia and New Zealand. The company's Vice-President for Global Technical Services emphasized that the support center will not be just a call center but will be part of Software AG's "follow-the-sun" global support strategy. Under this strategy, the company maintains a support network that remains open somewhere in the world at any given time. These centers are usually situated in strategic time zones in the Americas, Europe and the Asia-Pacific region. The Kuala Lumpur Customer Care Center is the fourth in the region after Bangalore, Tokyo, and Sydney. It is expected that Telekom Malaysia Bhd, Perodua Manufacturing, Hong Leong Assurance and Sabah Port are just some of the companies that will benefit from the establishment of the center.

Information Technology

- **IPVG Group of the Philippines, an IT and gaming conglomerate, forecasts profit of 30 million pesos (US\$649,000) for the second quarter.** The prediction is five times the profits it posted for the first quarter of the year and seen as a recovery from the loss of 17.5 million pesos (US\$379,000) it reported for the second quarter in 2006. According to its CEO, IPVG is charting its growth by way of strategies in the form of new partnerships, penetration of new markets, and acquisition of new businesses. Even as it is still finalizing new acquisition deals, IPVG said it is looking to venture into IP-based businesses that have something to do with communications, content, commerce, and communities. In its filing with the Philippine Stock Exchange, IPVG said it is aiming to raise some 500 million pesos (US\$11 million) to fund its expansion of information and communications

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technology (ICT) projects. In a separate development, IP Contact Center Outsourcing, an IPVG subsidiary, has signed an agreement with Hong Kong's PCCW Teleservices to operate the first PCCW-branded and certified contact centers in the Philippines.

United States/Canada

Internet

- **Plaxo revealed plans to release a beta version of its new online address book service in seven languages: English, French, German, Japanese, Portuguese, Spanish, and Simplified Chinese.** The beta version is called Plaxo 3.0, which aims to simplify the task of synchronizing multiple online address books and services from companies and organizations like AOL, Apple, Microsoft, Mozilla, Google, and Yahoo. Plaxo 3.0 also works with a variety of mobile phones. Plaxo has surpassed 15 million users and has also been broadening its revenue stream beyond the two-tiered membership model. The company has recently signed agreements with Comcast and two other web 2.0 companies, Jajah and Zingy. Plaxo said it is looking to provide carriers and service providers with a co-branded networked address book and other services. In addition to broad synchronization capabilities, the new Plaxo address book features find-as-you-type searching, one-click Yahoo Maps directions, and a click-to-call function provided by Jajah. Plaxo offers also a new built-in calendar, a product of the company's 2006 acquisition of HipCal. Plaxo revealed that it has plans to enter the industry of social networking.
- **Ingram Micro announced its new role as distributor of Google's Search Appliance and Google Mini enterprise search devices, a deal aimed at pushing up the sales of the products.** Google said it expects the distribution deal with Ingram to increase sales particularly among SMBs. With its distribution network of more than 165,000 retailers, Ingram is also expected to help boost sales internationally as well as in the government and education sectors. The Ingram deal will initially focus on the U.S. and will expand to other regions like Latin America, Europe, and Asia-Pacific. Before this arrangement, Google has sold the products almost exclusively, via its own direct sales staff in the U.S. and Europe. As part of the agreement, Ingram will provide sales assistance, marketing resources, credit help, and technical support to the resellers that carry the Google products even as the deal is not exclusive.

Media, Entertainment and Gaming

- **Warner Music and Sony BMG said they have formed a new business called Digital Access with Russian industrial group, Access Industries and music labels Soyuz and Nikitin Records.** Industry observers see the deal as a move into a market characterized by a piracy-laden entertainment industry. The new Moscow-based platform will distribute music, full-track audio downloads, ringtones, video clips and color images into both Russia and the Commonwealth of Independent States. Digital Access is expected to officially start trading during the fourth quarter, which, as a wholesale offering, will allow the company to work with rights owners, content providers, mobile operators and on-line stores in making music available from the companies' catalogs instead of engaging directly with consumers. Financial terms of the deals were not revealed.
- **Imeem, considered one of the fastest-growing social media networks, announced the launching of a music service that offers 3 million tracks.** The service allows artists to distribute music directly to fans and promises to provide ad revenue. The service is free for consumers, who can use the site to share their music with friends, and is open to all artists. Imeem uses a digital registry

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and content identification platform from Snocap to give artists and labels information about uploaded content, which determines if the content owner has permitted streaming on the Imeem service. A pro-rata share of the advertising revenue is then distributed. According to the founder and CEO of Imeem, artists can participate and are free to distribute their material any way they choose and are not restricted by exclusive deals. Under the offering, rights holders are required to register their work with Snocap by creating an account and uploading their tracks. Snocap's registry provides real-time management of online licensing, rights, and distribution. Snocap's MyStores allow independent artists to sell their music on any web site, while maintaining control of licensing and rights. According to Hitwise, Imeem is the fourth-largest media and entertainment site, trailing YouTube, MySpace Video, and Google Video.

- **Warner Music Group announced the launch of its first free-to-view web 2.0 video jukebox called Rhino TV.** Industry observers see the move as directly competing with YouTube. The offering is focused on Warner's catalog brand and is considered to be the first "digital hub" to be launched through Warner Music International's strategic partnership with digital services provider Premium TV.

Mobile/Wireless

- **Research In Motion Limited (RIM), a world leader in the mobile communications market, posted a 16.3 percent rise in revenue for the first quarter for fiscal 2008, of US\$1 billion from US\$930.4 million in the previous quarter.** The revenue breakdown for the quarter was approximately 76 percent for devices, 16 percent for service, 5 percent for software and 3 percent for other revenue. The company said it has shipped about 2.4 million devices, with the total number of BlackBerry subscribers in the quarter growing by approximately 1.2 million to over 9 million total subscriber accounts. RIM reported a GAAP net income of US\$223.2 million for the quarter, as compared with net income of US\$187.4 million it posted in the prior quarter.

Software

- **Absolute Software, a leading provider of Computrace Computer Theft Recovery, Data Protection and Secure Asset Tracking solutions, together with American Megatrends Inc., developer of AMIBIOS and Aptio firmware, announced an alliance to provide both 32- and 64-bit Extensible Firmware Interface support for Absolute Software's Computrace solutions.** Absolute offers products including ComputraceComplete and Computrace LoJack for Laptops. ComputraceComplete is a comprehensive solution that combines computer theft recovery services with the power to delete data from lost or stolen machines, as well as secure asset tracking for lifecycle management and regulatory compliance purposes. Computrace LoJack for Laptops is an affordable and effective computer theft recovery service for home office, small business and consumers. AMI offers reliable, advanced BIOS firmware for server, desktop and mobile applications, powering approximately 65 percent of all computers sold each year globally. Absolute Software Corporation Computrace software is embedded in the BIOS of computers by global leaders, including Dell, Fujitsu, Gateway, HP, Lenovo, Motion, Panasonic and Toshiba. Headquartered in Atlanta, AMI has locations in the U.S., China, Germany, India, Japan, Korea and Taiwan.
- **Red Hat reported a growth in profit to US\$16.2 million on revenue of US\$118.9 million in its fiscal first quarter ended May 31.** The company attributed the growth to the introduction of a new version of its Linux distribution and new JBoss software. The company released Red Hat Enterprise Linux 5 earlier in March and also introduced new developer class and enterprise class editions of JBoss Java-based software, which Red Hat acquired in 2006. Red Hat also said that after excluding one-time charges and adjusting for stock compensation and tax expense, its adjusted net income for the quarter

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was US\$33.7 million. The company distributes open-source Linux software and charges companies a subscription to provide updates and other technical support. Of the total US\$118.9 million in quarterly revenue, the company said US\$103 million was subscription revenue. According to the CFO of Red Hat, the company forecasts revenue of between US\$124 million and US\$126 million in the current quarter.

Ventures/Investments

- **LSI Corporation and Magnum Semiconductor, Inc. announced that they have entered into a definitive agreement under which Magnum will acquire the LSI consumer products business in a transaction to be funded by private equity investment.** The agreement is seen as enabling Magnum to strengthen its position as a leading provider of chips, software and platforms for consumer entertainment systems, while the sale of the consumer products business will allow LSI to focus its investments on its businesses in the storage, networking and mobility market segments. The transaction is expected to close in the third quarter and is not subject to regulatory approval. The LSI Consumer Products Group provides innovative digital media processing and silicon solutions to industry-leading, worldwide consumer electronics manufacturers including LG, Philips, and Motorola. LSI Corporation is a leading provider of innovative silicon, systems and software technologies that enable products that seamlessly bring people, information and digital content together. Magnum Semiconductor is a premier provider of chips, software and reference platforms for recording, viewing and managing high-quality audio/video content. Magnum Semiconductor is a privately held corporation backed by August Capital, KTB Ventures, Investcorp Technology Partners, Investor Growth Capital, and WK Technology Fund with headquarters in the U.S., and sales and engineering offices in South Korea, Taiwan, Japan and China. Financial terms were not disclosed.

Europe

Media, Entertainment and Gaming

- **TANDBERG announced that it has been selected by ESPN STAR Sports (ESS) to provide the advanced video compression head-end for the world's first MPEG-4 AVC contribution and distribution (C&D) system.** The deal is seen as allowing ESPN, Asia's biggest sports broadcaster, to increase efficiency in distribution of its programming to cable head-ends across Asia and management of its satellite transponder usage. TANDBERG Television is part of the Ericsson Group. ESPN STAR Sports showcases a variety of premier live sports from around the globe 24 hours a day to a cumulative reach of more than 310 million viewers in Asia via its encrypted pay services to 15 networks covering 24 countries. Under the arrangement, ESPN STAR is harnessing the best-in-class bit-rate performance of TANDBERG Television's next-generation MPEG-4 AVC EN8000 encoders to achieve bandwidth savings while still maintaining essential high picture quality. ESPN STAR Sports is a 50:50 joint venture between two of the world's leading cable and satellite broadcasters. ESPN STAR Sports combines the strengths and resources of its ultimate parent companies – Walt Disney (ESPN, Inc.) and News Corporation Limited (STAR).

Internet

- French advertising group Publicis and French software group Dassault Systemes announced that they are forming a joint venture in 3D online marketing in a bid to increase their advertising sales. The venture, which will be based in Paris, will bear the name 3dswym and will be 51 percent owned by Publicis and 49 percent by Dassault Systemes. The venture is seen as enabling marketers to directly connect to consumers to mutually create and adapt new consumer goods. Recently, Publicis also

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acquired U.S. interactive and direct marketing company Digitas for US\$1.3 billion and earlier this month announced the acquisition of a 49 percent stake in interactive marketing agency Business Interactif.

Mobile/Wireless

- **Media sources indicate that the European Union tends to favor and support Nokia's DVB-H mobile-TV broadcasting standard.** The same report mentioned the Samsung-developed standard as not getting the attention from EU given its use that is not widespread, while QUALCOMM's is regarded as still in its developmental and testing stage as a proprietary solution. The EU said it plans to adopt a single standard because it wants to avoid "market fragmentation," to which it ascribes the current situation found in the U.S. wireless industry characterized by competing standards. Industry sources said Nokia contributed some 40 million euros (US\$54.1 million) for the DVB-H standard research.
- **Affle, a Britain-based technology company, introduced an enhanced version of the popular short message system (SMS) that allows users to view more content and do searches on their mobile phones.** The company said that the SMS 2.0 maintains the simplicity and ease of text messaging. The service was initially launched in Singapore and India after pilot trials, with Malaysia, Indonesia, Thailand, the Philippines, China, Taiwan, Japan, and Australia expected to be added to coverage within the next two years. The company said many of the SMS 2.0 contents will be free, financed by advertisements, which the company described as "unobtrusive" when shown on the screen. Affle said it is discussing with various online search engines to power this feature. Affle has initially partnered with phone-maker Nokia for the handsets. It is looking to GroupM, a media company that is part of London-based communications services giant WPP Group, to help it with the expansion plans. Affle disclosed that it has teamed up with leading Indian mobile telecom firm Airtel Bharti, with Times Internet Ltd., part of media conglomerate Times Group, providing the content in India. Mobile firm M1 is its partner in Singapore.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 6/29/07)	% Change 1 Week Ago	% Change 1/1/2007	% Change 1/1/2006	% Change Last 12 Mth.
Japanese yen	¥/US\$	123.4000	-0.5%	3.6%	4.8%	6.0%
Hong Kong dollar	HK\$/ US\$	7.8162	0.0%	0.5%	0.8%	0.6%
Chinese renmenbi	RMB/ US\$	7.6132	-0.1%	-2.5%	-5.7%	-4.8%
Singapore dollar	S\$/ US\$	1.5314	-0.5%	-0.4%	-7.9%	-4.1%
South Korean won	KRW/ US\$	924.1000	-0.4%	-0.6%	-8.5%	-3.8%
New Taiwan dollar	NT\$/ US\$	32.8200	0.3%	0.7%	0.0%	0.6%
Australian dollar	US\$/A\$	0.8505	0.3%	7.8%	16.1%	16.6%
New Zealand dollar	US\$/NZ\$	0.7732	0.9%	9.8%	13.1%	30.0%
Philippine peso	PHP/ US\$	46.2500	0.4%	-5.6%	-12.9%	-13.6%
Euro	US\$/€	1.3498	0.5%	2.3%	13.9%	7.7%
British pound	US\$/£	2.0049	0.4%	2.3%	16.4%	10.6%

Fixed Income Prices and Yields

Note	Currency	Current (on 6/29/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	94.2969	5.20%	92.4688	5.31%	95.1215	5.06%
Japan 30-year	¥	101.0295	2.50%	100.2680	2.51%	103.3030	2.31%
Hong Kong 10-year	HK\$	100.9419	4.36%	100.5382	4.36%	102.3810	4.56%
China (06/16)	US\$	102.9733	4.29%	103.1537	4.21%	106.2600	3.86%
Singapore 10-year	S\$	102.5420	3.03%	102.1330	3.09%	102.0390	3.06%
South Korea 20-year	US\$	103.6462	5.56%	102.5494	5.71%	105.8890	5.36%
Australia 15-year	A\$	150.6635	2.73%	149.3435	2.78%	151.9510	2.60%
New Zealand (12/17)	NZ\$	94.7231	6.69%	94.3238	6.78%	97.0400	6.39%
Philippines 20-year	PHP	121.5449	8.96%	99.9900	14.37%	131.076	8.24%
India 30-year	INR	88.1726	8.54%	88.4777	8.54%	88.7300	8.45%
UK 30-year	£	91.0180	4.81%	90.4120	4.86%	93.5918	4.66%
Germany 30-year	€	88.9950	4.69%	87.4870	4.79%	90.7760	4.57%

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