

IRG WMR



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

Week of 14 October - 20 October, 2007

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Equity Market Indicators					
Index	Closing Level (10/19/2007)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
S&P 500	1,500.63	-3.9%	-1.7%	5.8%	20.2%
Dow Jones Industrial Avg.	13,522.02	-4.1%	-2.7%	8.5%	26.2%
Dow Jones Tech. Index	474.67	-1.7%	0.4%	15.0%	26.5%
Dow Jones Telecom. Index	316.16	-0.7%	2.0%	21.6%	56.8%
NASDAQ Composite	2,725.16	-2.9%	0.9%	12.8%	23.6%
The Street.com Net	294.51	-3.7%	1.5%	19.1%	40.0%
Japan Nikkei 225	16,814.37	-3.0%	0.2%	-2.4%	4.4%
JASDAQ	79.52	1.5%	7.9%	-7.7%	-38.9%
Japan Mothers	902.03	2.3%	23.1%	-18.8%	-64.5%
Korea KOSPI Composite	1,970.10	-2.8%	1.2%	37.3%	42.8%
Korea Kosdaq	786.93	-2.4%	-1.0%	29.8%	13.8%
Taiwan Stock Exchange	9,611.72	1.2%	1.6%	22.9%	46.8%
Singapore Straight Times	3,747.98	-2.8%	1.1%	25.5%	59.7%
Hong Kong Hang Seng	29,465.05	2.2%	8.6%	47.6%	98.1%
Hong Kong GEM	1,509.09	-2.2%	-0.4%	23.2%	49.8%
China Shanghai (A-Share)	6,106.69	-1.5%	4.8%	116.9%	400.2%
China Shenzhen (A-Share)	1,568.31	-1.6%	-2.6%	175.3%	440.7%
China Shanghai (B-Share)	384.12	0.5%	4.6%	195.2%	519.4%
China Shenzhen (B-Share)	787.00	2.7%	0.8%	81.6%	302.3%

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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
10/17/07	Cross Match Technologies [NASDAQ: CROS]	Computers-Optical Recognition	US\$115.4	Makes fingerprint scanning, palm and full-hand scanning devices for security systems	W.R. Hambrecht/ Stanford Group/ E-Trade Securities	N/A
10/16/07	Neutral Tandem [NASDAQ: TNDM]	Telecom-Equipment	US\$75	Provides tandem interconnection services to phone carriers	Raymond James & Associates/ Thomas Weisel/ William Blair	N/A
10/15/07	Deltek [NASDAQ: DLTk]	Computer Software	US\$42.9	Provider of enterprise applications software and services	Credit Suisse	JP Morgan

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/12/07	% Change From Offer
10/19/07	Maxcom Telecommunications [NYSE: MXT]	Telecommunications service provider for residential and business customers	US\$200.0	US\$17.50	US\$18.59	6.22%
10/19/07	Noah Education Holdings [NYSE: NED]	Provides, develops and market educational electronic products, software, and educational resource content	US\$137.9	US\$14.00	US\$19.85	41.79%

Asian Equity Markets: TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
10/19/07	Ubiquitous Corp. [NASDAQ: 3858]	Communication Services	¥100	Develops network solutions	N/A	N/A

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/5/07	% Change From Offer
N/A						

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
N/A						

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Weekly Highlights

International

Internet

- **According to Haansoft, Asianux consortium would be working with Intel mobile group to work on Asianux-based mobile OS.** Haansoft represents the South Korean side of Asianux consortium, a group that is composed of South Korea, China, Japan, and Vietnam. The group is expected also to work on the marketing side of the product, which is seen as contributing to the popularization of Linux OS in the world market. The Asianux mobile version is dubbed Asianux Mobile Medinux Edition (Medinux) and is expected to be circulated in the world market by early next year. It will be equipped in various mobile Internet devices using Intel Menlow platform. Developers of Asianux, including Haansoft, have established a Medinux-related research center in Beijing and technology support centers in Seoul, Beijing, and Tokyo, in order to strengthen the collaboration with Intel. They plan to set up an additional technology support center in Taiwan.
- **According to the International Telecommunication Union, WiBro, or also known as WiMAX, a wireless broadband Internet technology developed in South Korea has been adopted as the sixth global standard for third-generation telecommunication.** WiBro is described as possessing the advantage in developing into the 4G telecommunication standard as it already uses wireless telecommunication technologies like orthogonal frequency division multiplexing (OFDM) and multi input-multi output (MIMO), features that are associated with 4G.

Hardware

- **According to Gartner, worldwide PC shipments registered a 14.4 rise to 68.5 million units in the third quarter of 2007 from the same period last year.** PC shipments in Asia/Pacific and Europe, the Middle East and Africa (EMEA) posted 23.4 percent and 16.4 percent growth respectively; PC in the US registered a 4.7 percent growth, which was below Gartner's earlier forecast of 6.7 percent increase. According to its analyst, the consumer PC market remains the factor that pushes the PC market growth all over the world. Hewlett-Packard (HP) is still the No. 1 in the worldwide PC market, with the company maintaining five consecutive quarters in the top position. In the U.S., Dell was able to maintain the number one position in the market. PC shipments in Asia/Pacific went up by 23.4 percent to 18.7 million units from a year ago. The region was driven by strong sales in China and India, Taiwan and South Korea.

Japan

Media, Entertainment and Gaming

- **Variety announced its launch of VarietyJapan.com, the first daily Japanese-language web site that will provide daily coverage of entertainment industry in Japan and Hollywood.** According to Variety, VarietyJapan.com will offer news, film and TV reviews, videos, lifestyle columns and community features, including fan blogs, with the website getting traffic from Variety.com and from syndication partnerships with companies including MSN Japan and Yahoo!Japan.

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Internet

- **NTT Communications (NTT Com) announced that it has entered into an agreement with Videsh Sanchar Nigam Limited (VSNL), a leading Indian telecom and Internet service provider.** The agreement will allow NTT Com clients traveling in India to use the Tata Indicom Wi-Fi network of wireless broadband access points for international roaming. With the agreement, the roaming service does not require any additional subscription or startup fee. Currently, NTT Com also has international roaming arrangements with KT (South Korea), Maxis (Malaysia), StarHub (Singapore), British Telecom (UK), Telecom Italia (Italy), Telestra (Australia) and the T-Mobile Group (USA, Austria, Czech Republic, Germany, Netherlands and UK). The companies are all members of the Wireless Broadband Alliance (WBA), an industry alliance encompassing telecom operators, equipment makers and service providers in Asia-Pacific, the Americas and Europe. NTT Com is a co-founder of the WBA and currently the only Japanese member.
- **NTT Corp. said it will launch a web site leasing service for companies that will allow them to use the site for videos and other promotional material.** The service is expected to enable small or midsize companies lacking the knowledge to create their own web sites to upload videos related to their products on a leased cyberspace.

Mobile/Wireless

- **Comel Co., a fully owned subsidiary of Softbank Telecom Corp., and Vanten K.K. announced that they have developed what they claim to be Japan's first wireless digital signage system.** The new system supports 3G mobile communications technology called High Speed Downlink Packet Access (HSDPA) and allows content such as advertisements and information to be shown via the Internet on displays set up at commercial facilities, railway stations, airports and bus terminals. Comel and Vanten are companies into digital signage. Softbank Telecom is affiliated with Softbank Corp.

Hardware

- **Hitachi Ltd. and Hitachi Global Storage Technologies, Inc. (HGST), its hard disk drive unit in the U.S. announced that they have developed technologies that can allow personal computers to store as many as one million songs in their HDDs.** Hitachi and California-based Hitachi Global Storage Technologies Inc. said that the new technologies will be able to increase the desktop PC's HDD storage capacity to four terabytes from the current maximum capacity of one terabyte. The companies said the production of HDDs adopting the new technologies is expected to start in 2011.

Semiconductors

- **Sanyo Electric Co. disclosed that it has changed its mind about selling its semiconductor subsidiary.** Sanyo said the decision was made after the talks with Advantage Partners LLP fell through. Industry sources said Advantage Partners failed to raise sufficient funds to buy Sanyo Semiconductor Co. Earlier, Sanyo granted Advantage Partners priority negotiating rights on the sale as the fund proposed the highest acquisition price in bidding held late August, and had been negotiating a deal since then. According to industry analysts, the decision of Sanyo not to sell Sanyo Semiconductor is likely to force Sanyo to review the current restructuring plan, which calls on the company to sell loss-making operations like manufacturing of chips and mobile phones.

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Information Technology

- **According to industry sources, JAL Airlines is preparing to sell its JALCard credit card business in an auction that is drawing the attention of Japan's biggest banks.** Sources point to Sumitomo Mitsui Financial Group as among those interested to join the auction. Another company identified as joining the auction is Credit Saison, one of Japan's largest credit card companies, which has an alliance with Mizuho, the second-biggest bank. Sources identified Mizuho Securities, the brokerage and investment banking arm of the Mizuho group, as JAL's adviser.

Ventures/Investments

- **Sony Corp announced that it has agreed to sell its production facilities for the computer chip of its PlayStation 3 game console to rival Toshiba Corp.** The deal is estimated to be worth more than US\$1 billion. Analysts see this move of Sony as part of its efforts to concentrate more on its core electronics business. Sources said the Sony and Toshiba are forging a joint venture to produce high-performance semiconductors.

Korea

Ventures/Investments

- **The country's Ministry of Information and Communication (MOIC) is planning to introduce a measure that would require key telecommunication service providers to adopt a tougher merger standard. The ministry is calling the companies to consider the merger's impact on public interest.** Industry analysts expect the measure to counter foreign hedge funds or short-term profit takers from acquiring and eventually disinvesting in Korean telecoms. The concern of the measure covers the following: whether a merger would harm public interest; whether the merger would increase the efficiency of the economy by increasing employment, and whether the merger would facilitate the local economy and foster small and medium companies.

Mobile/Wireless

- **Mobilians International, Inc., a mobile payments and real-time fraud management services provider, announced to begin its operations in the U.S.** Mobilians's online payment method, allows a consumer to buy items online and use the mobile phone and mobile account for quick, easy transactions with no credit cards required. The company described its executive as including seasoned wireless and payments industry experts from Sprint Nextel Corp., CyberCash, CyberSource, Transaction Network Services, and Mobilians Co. Ltd. of South Korea.

Media, Entertainment and Gaming

- **Joymax, an independent developer of interactive entertainment for the global market, announced that Silkroad Online, the company's flagship MMORPG in the U.S., will be an official game of the Game&Game World Championship (GNGWC) in 2007.** GNGWC is an international competition sponsored by Korean Software Industry Promotion Agency (KIPA). Silkroad Online is one of six games featured at the event this year. KIPA is a subsidiary of the Ministry of Information and Communication (MIC) of the government of South Korea.

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Software

- **Sigma Systems, a provider in the design, development and deployment of OSS service management solutions and Xener Systems, Inc., a provider of Next Generation Networks (NGN), of South Korea, announced their entering into a strategic alliance to accelerate and collaborate on voice over IP (VoIP) solutions in Korea and Asia Pacific.** Xener's solutions have been tested, deployed and successfully proven on large-scale commercial networks like KT, SK Telecom, Hanaro Telecom, SK Telink, KTF, LG Telecom. Xener has also provided StarHub, Telekom Malaysia, Indosat and many others with its NGN solutions. Recently, Xener has established its position in 3G multimedia service platform market by deploying video telephony solution for both fixed and mobile service providers including KTF, LG Telecom, KT and SK Telink in Korea.

Hardware

- **LG Electronics Inc. reported a surge in its earnings in the third quarter of this year, with the company attributing the rise to solid sales of mobile handsets and other digital goods in global markets.** LG said its net income hit 339.2 billion won (US\$369.3 million) in the three months to September, compared with 22.7 billion won (US\$24.7 million) it posted a year earlier.

Semiconductors

- **Hynix Semiconductor announced its plans to resume its non-memory business, three years after the firm sold its non-memory unit in 2004.** Hynix said it will resume its system integrated circuit (IC) business, with the aim of expanding its business portfolio. Industry sources said the company has plans to work with an outside non-memory chip design company to produce non-memory products using its existing 200 mm wafer production lines. Hynix Semiconductor Inc. reported a 56 percent decline in its third-quarter net income to 168 billion won (US\$183 million).
- **Sigma Designs, a leader in digital media processing SoCs (System on a chip) for consumer electronics, announced that its highly integrated SMP8634 media processor was selected by Samsung Electronics Co., Ltd. to power its third generation Blu-ray player, the BD-P1400.** Blu-ray is a leading standard in the market for next-generation, high-definition optical players, which is based on blue laser disc technology.

Information Technology

- **According to the Korea Information Society Development Institute, South Korea's IT exports are expected to post an 11 percent rise in compared to 2007 to hit US\$139 billion.** According to the institute's top official, the country's outbound shipments of communication-related parts and devices are expected to register growth whereas those for information and broadcasting are seen as declining. The group said that IT production is also projected to rise by 6 percent next year to reach about US\$300 billion.

Telecommunications

- **KT announced its plans to introduce three new calling plans for its phone service as soon approval is given by the South Korean government.** The report said one plan charges a single rate for both local and long-distance calls for a fixed monthly fee of 2,000 won (US\$2.1). Another fixed-rate calling plan allows subscribers to make 150 to 660 minutes of free calls a month for a monthly basic fee of 10,000 to 35,000 won (US\$11 - \$38). The unlimited calling plan charges a fixed monthly fee of 3,000 won (US\$3.2). The company explained that the launch of the calling plans is aimed at giving its clients choices.

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Ventures/Investments

- **According to industry sources, Samsung Corning is set to put up a production plant for indium tin oxide (ITO) production in Taiwan.** Observers note that Samsung Corning has been aggressively growing its ITO market share to Taiwan panel makers in recent years with Chunghwa Picture Tubes (CPT), HannStar Display and color filter (CF) maker Sintek Photronic among its customers. The sources estimate that Samsung Corning holds about 10 - 15 percent of the ITO market in Taiwan. In South Korea, the company has already supplied ITO to one of its parent companies, Samsung Electronics, and the JV of Samsung and Sony, S-LCD, for production of LCD panels at eighth-generation (8G) plants.

China

Internet

- **Tencent announced that it has set up Tencent Research Institute, a core technology platform for the company.** The company disclosed that the center, the setting up of which has involved more than 100 million yuan (US\$13.3 million) in investment, will be focused on developing practical Internet technology for the coming years. Tencent has also set up research institutes in Beijing, Shanghai and Shenzhen, all of which will focus on studying six major areas of storage technology, data mining, multimedia, Chinese language processing, distributed networks and wireless services.
- **According to market sources, Industrial and Commercial Bank of China has made the latest investment in business-to-business Internet services provider Alibaba.** Media sources also indicate that Alibaba is going to initiate a road show to raise US\$1 billion. Sources said Alibaba has introduced five basic investors this time, which are expected to invest some US\$145 million to purchase Alibaba's shares. Part of the condition states that the five investors must not sell Alibaba's shares within two years.

Media, Entertainment and Gaming

- **CDC Games, a business unit of CDC Corporation, announced that its parent company, CDC Corporation, has filed a lawsuit in the South Korean courts against Mgame, the developer of Yulgang.** The lawsuit is for breach of contract and alleges that Mgame has broken contractual obligations that the company owed to CDC Corporation by failing to provide certain financial and operating data and other information which Mgame is required to provide to CDC Corporation as a shareholder of Mgame. In March 2007, CDC signed a definitive agreement to make a strategic investment in Mgame. As a result of this investment, CDC became Mgame's largest external shareholder while extending its license of Yulgang to 2010. The lawsuit in South Korea is in addition to the lawsuit CDC Games has filed in the courts of Hong Kong against Mgame for breach of contract, stating that Mgame has not been providing adequate technical support of Yulgang, and Mgame has not been supporting CDC Games in their efforts to combat pirate servers.
- **Shanda Interactive Entertainment Ltd. announced that the holders of its US\$275 million of convertible notes have exercised their right to require the online video game company to repurchase some of the notes.** With this move, Shanda said it will reacquire some an estimated US\$15 million of the zero coupon senior convertible notes due 2014. Shanda said it also exercised its right to redeem all of the remaining outstanding convertible notes, which have been valued at about US\$260 million of notes.

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- **According to market sources, Giant Interactive Group Inc is getting ready to initiate marketing a U.S. IPO worth up to US\$800 million.** The deal is described by industry observers as the largest capital raising in China's online game industry. The Shanghai-based company is reportedly selling a 20 percent stake valued at from about US\$700 million to US\$800 million. The company looks to trading its shares on the New York Stock Exchange, with Merrill Lynch and UBS handling the listing.
- **Media sources indicate that Sohu.com is looking to working with China's periodical association to develop digital periodicals.** Sources said that Sohu has expressed its interest in becoming the platform for digital periodicals testing.

Mobile/Wireless

- **The China Academy of Telecommunication Research of the Ministry of Information Industry announced that it has formally set up a mobile phone testing center in Shenzhen.** The academy described the new center as providing fast and high quality mobile phone testing, certification and related services to mobile phone enterprises. According to the director of the Science and Technology Division of MII, the establishment of the testing center is a new move that MII has taken to support the development of the information industry in Shenzhen and the Pearl River Delta region which attributed about 40 percent of the country's mobile production.
- **China Unicom officially announced that it will enter the bidding of the fifth 3G license in Hong Kong.** According to the Office of the Telecommunications Authority (OFTA), it is currently reviewing the qualification of each bidder and it is expected to auction the 3G license at a base price of HK\$76 million (US\$9.8 million) by the end of this month. It is said that the owner of the license will be entitled to spend one year laying down networks in Hong Kong and launch CDMA 2000 based 3G service in the area before November 20, 2008.

Telecommunications

- **ZTE disclosed that it has passed a resolution at its third shareholder meeting of the year to issue convertible bonds valued at no more than 4 billion yuan (US\$532.7 million) in a bid to raise funds for the construction and development of TD-SCDMA related equipment.** ZTE said that the 11 projects will require about 10.7 billion yuan (US\$1.4 billion).

Ventures/Investments

- **The Haier Group said it has decided to move the marketing, planning and sales departments of Haier Computer to Beijing in a bid to speed up the company's expansion.** The planned relocation is seen as happening with the beginning of the expansion of Haicheng, the company's joint venture company. Haicheng is expected to set up a new production base in Jiangsu to engage in exporting services. At present, Haier has some 800 boutique retail stores for its computers and looks to upping the number of stores to 4000 by the end of 2007.

Information Technology

- **Shanghai Telecom launched a new payment service called Telephone POS Machine at each of its business halls across Shanghai.** The service enables users to make inquiries about the bank account balance of their China UnionPay debit cards and supports account transferring among more than 10 banks' cards. The service only allows users of China Merchants Bank, Pudong Development Bank, Shenzhen Development Bank, and Ping'an Bank to also repay bank loans. In addition, with this

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telephone POS, users can use China UnionPay cards to pay their water, gas, and telephone fees. Shanghai Telecom plans to launch air ticket and hotel reservation services soon.

Taiwan

Mobile/Wireless

- **Global On, a WiMAX operating licensee for the northern region of Taiwan, announced its decision to change in its corporate name to Global Mobile.** With the change, the company also disclosed that it has set up a WiMAX digital content alliance in preparation for beginning its WiMAX operations. According to its chairman, Global Mobile will increase its paid-in capital from NT\$1 billion (US\$30.6 million), the required minimum level for a WiMAX licensee, to about NT\$5 billion (US\$153.4 million), an estimated amount needed for infrastructure construction. For the capital expansion, Global Mobile plans to invite investment from providers of digital content, makers of network and communication hardware, and operators of online platforms in Taiwan, mainly, as well as foreign enterprises with certain strategic value to the company. The WiMAX digital content alliance counts among its members Era Digital Media, Eastern Broadcasting, Videoland and Soft-World International. These members are expected to become shareholders of Global Mobile.

Ventures/Investments

- **According to a company filing with the Taiwan Stock Exchange, Power Quotient International (PQI), a memory module maker, has added additional investment at its China-based subsidiary, which specializes in the production of infotainment devices for automobiles.** The company announced that it looks to making another investment worth US\$1 million in the subsidiary, which it established with a China-based automobile design company in March 2006. PQI said the China subsidiary will invest in the development of in-car entertainment system devices.

Semiconductors

- **Sources from Macronix International cited the huge orders from Nintendo for game console-use chips as the reason for the company to outsource more 8-inch and 12-inch production.** Given this development, the company forecasts its sales to likely go over NT\$3 billion (US\$81.8 million) in October.
- **According to a filing with the Taiwan Stock Exchange, Tatung has bought a 16.2 percent stake in Proview by way of an investment of NT\$652 million (US\$19.9 million) through Tatung's subsidiary San Chih Semiconductor.** Market sources also indicated that Tatung has secured three seats on the board of directors at Proview. In a related development, Tatung's top official announced that the company would begin the shipment of LCD TVs to Proview using panels from Chunghwa Picture Tubes (CPT).

Hong Kong

Telecommunications

- **Hutchison announced the launching of its 3G services through its Macau mobile operation Hutchison Telephone (Macau) Limited.** The company said that Hutchison Telecom Macau has deployed WCDMA technology with backing from the expertise of Hutchison Telecom and 3 Group.

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The launch will bring about services that include the range of multi-media content services with attractive tariff plans and handset choices together basic voice communications.

Mobile/Wireless

- **The Office of the Telecommunications Authority in Hong Kong announced that, after the expiration date for bidding of radio spectrum for the provision of CDMA 2000 mobile services, only PCCW-HKT Telephone Limited submitted application.** With the Hong Kong company meeting all the pre-qualification requirements, PCCW-HKT technically becomes the Provisional Successful Bidder under the terms and conditions of the auction. PCCW-HKT is required to pay the Spectrum Utilization Fee of HK\$76 million (US\$9.8 million) and provide to the Telecommunications Authority (TA) a Performance Bond of HK\$150 million (US\$19.3 million) by November 2007 before it will be declared as the Successful Bidder.

Information Technology

- **Getronics NV announced that it is forming a new joint venture with ServiceOne, a Hong Kong-based IT provider, to deliver services previously provided by Getronics in Hong Kong and China.** Earlier in July this year, Getronics announced already its decision to acquire a 30 percent take in ServiceOne. Getronics, a Dutch company, also announced the closing of its sale of its Applications Services unit to Hong Kong's Hyro Limited. Financial details were not disclosed.

Singapore/Malaysia/Philippines/Indonesia

Telecommunications

- **Cable & Wireless Europe, Asia and the U.S. (C&W) announced that it has given an extension to its global telecom services agreement with Malaysia-based TM Bhd in a bid to further expand its presence in Asia.** With the move, TM will remain as a communication infrastructure provider with access to C&W's international multi-protocol label switching (MPLS) backbone and thus will provide C&W access to its MPLS network in Malaysia, South Asia and the Middle East. The agreement extension is expected to see both companies setting up a network-to-network interconnect infrastructure (NNI) to leverage on each other's extensive MPLS networks for wider coverage.

Mobile/Wireless

- **Axesstel, Inc. who specializes in the design and development of fixed wireless voice and broadband data products, and PT Smart Telecom announced a two year supply agreement estimated to be worth US\$68 million.** The agreement covers joint marketing and volume commitments for Axesstel phones and wireless broadband USB modems, with an option to purchase Axesstel enhanced feature phones and 3G gateways part of the agreement. Shipments of the phones and USB modems are scheduled to begin this month and continue over the next two years. Smart Telecom is a new cellular telecommunication provider in Indonesia providing services for retail and corporate customers in more than 50 cities in Java Island and will soon cover all regions in Indonesia.
- **Bayan Telecommunications (Bayan) disclosed that its wireless landline service is expected to help the rise of its landline business.** The Philippine telco said Span, Bayan's wireless loop service is predicted to hit 100,000 subscribers by the end of this year, which will boost the firm's landline subscriber base by a third. According to Bayan, it has spent some 1.5 billion pesos (US\$34 million) since 2005 for its Span service, which at present serves about 70,000 clients. The telco estimates about

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25 billion pesos (US\$566.7 million) needed if Bayan aims to cover the entire country with its wireless landline service.

- **According to industry sources, Smart Broadband Inc. (SBI), the wireless broadband unit of Smart Communications Inc., is buying some assets of Mindano-based Cruz Telephone Co. Inc. (Cruztelco) for 371.3 million pesos (US\$8.4 million).** A company spokesperson described the acquisition as not only allowing the company to boost its services in Mindanao but also making it possible for the company to offer wireless Internet to clients.

Internet

- **Pacific Internet disclosed its intention to voluntarily delist its ordinary shares from NASDAQ effective early next month.** The Singapore-based ISP is expected to inform the U.S. Securities Exchange Commission that it will voluntarily deregister its ordinary shares because it has fewer than 300 holders of its ordinary shares. The company said the deregistration and delisting of the company's ordinary shares were unanimously approved by the Board of Directors.

United States/Canada

Internet

- **Google reported a 62 percent surge in its revenue to US\$3 billion.** The figure does not include traffic acquisition costs, the fees it pays other web sites that carry its ads. Analysts have forecasted the revenue at US\$2.9 billion. The report said Google attributes a huge portion of its revenue from paid search, with sales of ads on Google's own sites climbing by 68 percent to generate US\$2.7 billion. The company's ads on partner sites registered a 40 percent rise to US\$1.4 billion.
- **News Corp said it looks to generating Internet revenue that will reach about US\$1 billion this fiscal year.** The company also disclosed that it has slash its fiscal 2008 revenue outlook for its MySpace online social network to about US\$750 million from its previous target of over US\$800 million. MySpace has about 110 million users globally.

Mobile/Wireless

- **Melodeo, Inc., who delivers music and other media via mobile phones and the Web, announced that it has closed a new preferred funding round of US\$7.9 million, with Ignition Partners and Voyager Capital leading the round.** The company said the investment will be used to advance Melodeo's flagship product, nuTsie, a free online and mobile music service that allows anyone to listen to their iTunes music and playlists in hi-fi quality on their PC or mobile. The service also enables consumers to explore other users' playlists and share music with friends. The investment of the company follows the licensing deal it has entered into with Korean Telecom Freetel (KTF), a leading wireless service operator in South Korea. The earlier agreement gives KTF the rights to distribute Melodeo, Inc.'s synchronized web and mobile entertainment technology throughout South Korea. Melodeo technology is also distributed through a joint venture affiliation with Access Co. Ltd., Sony BMG Music Entertainment, Warner Music Group and Motorola delivering mobile music and multimedia entertainment to wireless customers throughout China and other Asia Pacific markets.
- **Bluestreak Technology, Inc., the developer of the MachBlue platform for mobile phones and digital television, announced that it has secured US\$20 million in Series D financing.** France's Iris Capital, a new investor, led the round, which also includes internal investors Solidarity Fund QFL, BDC Venture Capital and First Capital Group. A new investor Tomorrow Group from South Korea

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was part of the new investors. Proceeds will be used to expand development of the company's award-winning MachBlue platform and to further consolidate the company's presence in the European and Asian markets. Over the past months, Bluestreak has entered into many deals, including partnerships with Symbian and ACCESS, to establish MachBlue as the go-to platform for the development of media applications on mobile phones and digital TV devices. Iris Capital is a Paris-based pan-European venture and development capital fund specializing in media, communication and IT. Since 1986, the Iris Capital team has invested in over 200 companies a total of more than 750 million euros (US\$1 billion). Iris Capital targets opportunities in high-growth technology or service companies, across various stages of development.

Media, Entertainment and Gaming

- **Namco Networks America Inc., a leading publisher and developer of mobile games and Sprint, the industry leader in innovative wireless entertainment services, announced a sweepstakes to promote Namco Networks' latest mobile game to consumers nationwide.** Popeye on mobile includes both the original arcade version of the game as well as an enhanced mode with bonus game play.
- **Upper Deck and Blizzard Entertainment announced the January 2008 release of a new hardcover book titled World of Warcraft: The Art of the Trading Card Game, which will feature artwork created for the highly popular World of Warcraft Trading Card Game (TCG).** The book is published by Chronicle Books and will include more than 300 full-color iconic pieces of art featured during the first year of release of the World of Warcraft TCG. World of Warcraft: The Art of the Trading Card Game will feature a collection of sketches, paintings and finished artwork. Based on Blizzard Entertainment's MMORPG, the TCG allows players to experience the action and adventure of World of Warcraft in a new format.
- **Dynasty Gaming Inc. announced its plans to acquire all of the issued and outstanding shares of two companies, Junnet Omnimedia Inc. (Junnet), based in British Virgin Islands and Beijing Baihui Digital Stars Co. Ltd. (Baihui), based in Beijing.** Both companies are controlled by Dr. Wilson Cho of Hong Kong and Dr. Dominic Chan of Los Angeles. Junnet is a distributor of online prepaid cards in China and a marketer of digital products such as software, music titles, games, video and other products delivered in digital form. Baihui is engaged in the development, installation and technical support of these types of digital products throughout China. Under terms of a Letter of Intent, Dynasty proposes to acquire all of the shares in these two companies from their current owners in exchange for the issue of 320 million new Dynasty Gaming shares. A condition of the deal is that Dynasty must first complete a financing for a minimum of US\$30 million. According to market sources, Dynasty Gaming is already in talks with a possible underwriter for this financing. Dynasty Gaming's 92.3 million common shares, issued and outstanding, are widely held by Canadian and U.S. investors.

Software

- **Verizon Wireless announced that it is introducing new technology that will deliver system software updates over-the-air to new handsets.** Verizon said it will use a technology from InnoPath Software Inc. to enable its customers to easily update embedded system software, technically called "firmware," on some of the newest handsets using over-the-air technology. Firmware, or system software, on mobile phones is a program or set of instructions programmed into the hardware of the device. Updates of firmware can enhance the calling quality and functionality of a device. Verizon Wireless is the largest U.S. wireless company and largest wireless data provider, based on revenues.

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InnoPath Software, an Integrated Mobile Device Management (iMDM) solutions provider, was the first company to commercially deploy firmware over-the-air mobile device management. Headquartered in California, InnoPath is privately held with offices in China, Japan, Korea, Europe, and Brazil.

- **Apple announced the debut of its new Leopard operating system in stores during the last week of October, a date that has been noted as four months later than what was originally posted.** The Leopard operating system made for Apple's Macintosh computer has more than 300 new features. Its "Ultimate" version is priced at US\$129. The operating system also allows users to remotely search for files on all computers connected to their network.

Europe

Mobile/Wireless

- **Ofcom, U.K.'s telecommunications regulator, said that it is making a proposal that will allow British airlines to offer mobile phone services to passengers via onboard base stations.** Earlier, the European Electronic Communications Committee released a decision technically giving the go-ahead signal, which prompted the other agencies concerned with telecommunications and air safety to consider the move. While Ofcom is the first telecom regulator to support the idea publicly, Air France is reportedly already looking into fitting one of its latest Airbus aircraft with the system with On Air, an offshoot of Airbus SAS. The new regulation is seen as allowing passengers to use their own handsets to make calls compared to the current practice that provide only in-flight outbound telephone services.
- **According to Skype, it is working with 3 Mobile, a U.K.-based wireless carrier to bring to market a new product aimed at making Skype completely mobile.** Skype said it is planning to launch a customized mobile phone dubbed white phone in Britain, Italy, Hong Kong and Australia. a customized cell phone developed jointly with wireless carrier 3 Mobile. The phone, code-named "white phone," is set to launch later this month in Britain, Italy, Hong Kong, and Australia. Skype and 3 Mobile are expected to license the technology specifications to other carriers or sell versions directly to consumers in the U.S.
- **Apple announced that it is marketing an unlocked version of the iPhone enabling consumers to use it with different cellular networks.** The offering is limited to those living in France and follows the regulations under French law which prohibits companies to bundle a cell phone to specific mobile operator. Under the deal, the European mobile carrier Orange will be the exclusive source for the iPhone in the French market. The unlocked phone is concession to a French law that forbids companies to bundle a cell phone to a specific mobile operator. Recently, Apple has entered also in to exclusive deals with Britain's O2, the wireless division of Spain's Telefonica, and with Germany's T-Mobile, a subsidiary of Deutsche Telekom.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/19/07)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2007	% Change 1/1/2006
Japanese yen	¥/US\$	114.5000	-2.6%	-0.3%	-3.8%	-2.8%
Hong Kong dollar	HK\$/ US\$	7.7503	-0.1%	-0.3%	-0.4%	-0.1%
Chinese renmenbi	RMB/ US\$	7.5080	-0.01%	0.05%	-3.8%	-7.0%
Singapore dollar	S\$/ US\$	1.4621	-0.1%	-1.6%	-4.9%	-12.1%
South Korean won	KRW/ US\$	915.4000	-0.3%	0.1%	-1.6%	-9.4%
New Taiwan dollar	NT\$/ US\$	32.5900	0.03%	-0.1%	0.0%	-0.7%
Australian dollar	US\$/A\$	0.8905	-1.5%	0.3%	12.9%	21.5%
New Zealand dollar	US\$/NZ\$	0.7474	-3.7%	-1.3%	6.2%	9.3%
Philippine peso	PHP/ US\$	43.8500	0.6%	-2.9%	-10.5%	-17.4%
Euro	US\$/€	1.4304	0.9%	0.3%	8.4%	20.7%
British pound	US\$/£	2.0521	0.7%	0.3%	4.8%	19.1%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/19/07)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.94	4.68%	101.52	4.90%	101.72	4.89%
Japan 30-year	¥	101.30	2.43%	98.64	2.48%	98.89	2.47%
Hong Kong 10-year	HK\$	106.16	4.12%	104.75	4.30%	103.78	4.42%
China (06/16)	US\$	110.71	3.32%	110.71	3.32%	110.71	3.32%
Singapore 10-year	S\$	107.62	2.77%	107.30	2.82%	107.90	2.74%
South Korea 20-year	KRW	9,576.03	5.66%	9,525.14	5.70%	9,521.49	5.68%
Australia 15-year	A\$	92.99	6.11%	91.77	6.27%	92.88	6.12%
New Zealand (12/17)	NZ\$	97.26	6.37%	96.46	6.48%	97.06	6.40%
Philippines 20-year	PHP	100.68	8.54%	100.54	8.56%	100.69	8.54%
India 30-year	INR	99.00	8.42%	99.10	8.41%	99.60	8.36%
UK 30-year	£	95.76	4.52%	94.22	4.62%	93.98	4.63%
Germany 30-year	€	92.20	4.48%	89.58	4.66%	89.88	4.64%

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