

IRG WMR



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

Week of 13 April - 20 April, 2008

For more information on IRG, please email communications@irg.biz or visit www.irg.biz.

Hong Kong (HQ)

No.1-2A, 17/F, The Centrium,
60 Wyndham Street, Central,
Hong Kong

Tel: (852) 2237 6000
Fax: (852) 2237 6100

Singapore

5 Rhu Cross, #04-16
Olivia Block, Singapore

437434 Singapore
Tel: (65) 6325 1191
Fax: (65) 6348 9583

Japan

JT Building 15Fl, 2-2-1
Toranomon, Minato-ku,

Tokyo, Japan 105-0001
Tel: (813) 5114 8395
Fax: (813) 5114 8396

Korea

37/F, Asem Tower, Samsung-
dong, 158-1, Kangnam-gu,
Seoul, Korea

Tel: (822) 6001 3840 ext. 3841
Fax: (822) 6001 3711

Philippines

2/F, State Condominium Bldg.,
186 Sacledo St. Legazpi Village,

Makati, Philippines
Tel: (632) 728 5307
Fax: (632) 728 5307

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



Week of 13 April- 20 April 2008

Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	5
International	5
Japan	5
Korea	6
China	6
Taiwan	10
Hong Kong	12
Singapore/Malaysia/Philippines/Indonesia/India	13
United States/Canada	14
Europe	17
Other Economic Data	20
Currency Exchange Rates	20
Fixed Income Prices and Yields	20

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



Week of 13 April- 20 April 2008

Equity Market Indicators					
Index	Closing Level (4/18/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,390.33	4.3%	5.1%	-5.3%	-2.0%
Dow Jones Industrial Avg.	12,849.36	4.3%	4.8%	-3.1%	3.1%
Dow Jones Tech. Index	419.00	3.9%	5.7%	-8.8%	1.5%
Dow Jones Telecom. Index	279.18	0.8%	2.7%	-10.9%	7.3%
NASDAQ Composite	2,402.97	4.9%	5.4%	-9.4%	-0.5%
The Street.com Net	266.49	7.4%	7.0%	-5.4%	7.8%
Japan Nikkei 225	13,476.45	1.1%	7.6%	-12.0%	-21.8%
JASDAQ	64.84	-0.1%	0.5%	-10.2%	-24.8%
Japan Mothers	611.24	2.9%	-1.6%	-22.0%	-45.0%
Korea KOSPI Composite	1,771.90	-0.4%	4.0%	-6.6%	23.5%
Korea Kosdaq	643.75	-1.2%	-0.1%	-8.6%	6.2%
Taiwan Stock Exchange	9,074.34	1.8%	5.9%	6.7%	16.0%
Singapore Straight Times	3,124.87	-0.1%	3.9%	-9.8%	4.7%
Hong Kong Hang Seng	24,197.78	-1.9%	5.9%	-13.0%	21.2%
Hong Kong GEM	835.76	-3.1%	-1.2%	-38.1%	-31.8%
China Shanghai (A-Share)	3,247.44	-11.4%	-10.9%	-41.2%	15.4%
China Shenzhen (A-Share)	976.19	-13.7%	-15.4%	-35.8%	71.4%
China Shanghai (B-Share)	216.65	-13.9%	-15.4%	-40.8%	66.5%
China Shenzhen (B-Share)	506.13	-9.4%	-9.4%	-28.7%	16.8%

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



Week of 13 April- 20 April 2008

Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% 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						

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



Week of 13 April- 20 April 2008

Weekly Highlights

International

Hardware

- **Computer makers posted another double-digit gain in shipments worldwide in the first quarter.** Dell's recent initiative to offer computers in retail stores is helping it gain ground on Hewlett-Packard, the world's largest PC maker in 2006. Both firms ranked Dell as the U.S. market leader with about 31 percent market share followed by HP's 25 percent. Even with growth in U.S. sales slowing to about 3 percent, overseas gains boosted global first-quarter PC shipments 14.6 percent and to 12.3 percent, according to research firm Gartner. The U.S. accounted for just 23 percent of global shipments in the first quarter compared with 25 percent a year ago.

Telecommunications

- **Telecommunications operators worldwide will be monitoring customer response to the world's first commercial operation of a mobile WiMax service in the U.S. this year.** At stake is billions of dollars of revenue expected to flow from the next generation service. The reception to the service by Sprint, a U.S.-based mobile operator, in August would also determine where investment for new mobile broadband technology went. Intel Corp.-supported WiMax technology is facing competition from long term evolution, a standard supported by mobile operators and equipment vendors such as Ericsson and Nokia.

Japan

Hardware

- **Sanyo added higher resolution photos, better quality video and an improved face detection function to the latest waterproof Xacti digital still and movie camera.** In the new camera, called the DMC-CA8, the resolution of the image sensor has been increased from 6 megapixels on the old model to 8 megapixels. The top still image mode outputs a 4,000 pixel by 3,000 pixel resolution image. The sensor has also been switched from a CCD (charge couple device) image sensor to one based on a CMOS (complementary metal-oxide semiconductor) production process. CMOS sensors can work faster than CCD, allowing Sanyo to increase the frame rate on the top-quality video mode from 30 frames per second to 60 frames per second.
- **Fujitsu introduced a line of high-performance servers powered by Intel's latest Itanium dual-core processor.** The Primequest 520A, 540A, and 580A servers are available with up to 8, 16, and 32 9100 series processors, respectively. The product line is expected to ship in May. The servers are available with either open source Linux or Microsoft's Windows Server. The systems are built for running databases, enterprise resource planning applications, and scientific computing. The new products are updates of the midrange Primequest 520 model and the high-end 540 and 580 models. The three systems were introduced in July 2006.

Media, Entertainment and Gaming

- **G4 has broadened its focus to young men and carved a distinctive niche airing Japanese stunt shows in prime time.** The channel now reaches 64 million homes. It had 15 consecutive months of growth among its target audience of men ages 18 to 34. This summer, look for more humor aimed at the Maxim set: Hurl, an original U.S.-made eating-and-regurgitating competition that will gorge

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



Week of 13 April- 20 April 2008

contestants on chicken pot pies or clam chowder, than strap them into spinning rides. And on June 1, the channel will premiere animated series Spaceballs, based on the Mel Brooks movie, along with the TV premiere of The King of Kong, a documentary about the quest for high-scoring stardom in Donkey Kong.

Korea

Telecommunications

- **Korea Telecom Freetel has purchased 300,000 mobile phones from China for shipment this year.** KTF, which is controlled by KT Group, mainly purchases WCDMA mobile phones, which are provided by very few Chinese manufacturers. For 2008, KTF has procured a total of 8 million mobile phones, of which 7 million are WCDMA mobile phones. For 2009, the company plans to purchase 8 million mobile phones, all of which will be WCDMA. Samsung, LG, Pantech and KTFT, a KTF subsidiary, are KTF's main mobile phone suppliers. Samsung is the largest vendor, accounting for 45.4 percent of shipments to KTF in 2006.

Semiconductors

- **Hynix Semiconductor Inc. does not see further drops or rises in prices of computer memory this quarter and expects improvement in the market in the second half.** Makers of dynamic random access memory (DRAM), used mainly in personal computers, have seen their profitability savaged by a severe glut and slower PC demand, which has driven down the price of some key chips by more than 90 percent since early 2007. Underscoring the chip makers' difficulties, Japanese rival Elpida Memory warned of an operating loss nearly twice as big as the market consensus, blaming the DRAM tailspin.

Hardware

- **A special prosecutor leveled tax evasion and breach of trust charges against the leader of Samsung Group but took steps not to upset the fundamental control and operations of South Korea's largest conglomerate.** In the biggest step, the special prosecutor said Lee Kun-hee, Samsung's chairman, wouldn't be arrested because that would cause enormous disruptions to the 59 Samsung companies, which includes Samsung Electronics Co. Nine other Samsung executives were indicted on similar charges as the special prosecutor concluded an investigation that began in early January. The investigation was ordered by South Korea's National Assembly after a former Samsung attorney stepped forward last year with allegations of bribery, false accounting and other wrongdoing.

China

Internet

- **Google Inc. aims to become a market leader in China's Internet-search market in about five years.** Google also is exploring investments in Chinese companies that focus on social networking and mobile Internet as part of its strategy to expand in China. Google has gained share and overtaken Alibaba Group's Yahoo China but continues to lag behind Baidu.com. Google, based in Mountain View, California, will eventually become the leader in China. Google accounted for 26 percent of China's Internet-search revenue in the fourth quarter, up from 17 percent a year earlier. Market leader Baidu.com's share of the market rose to 60 percent from 58 percent.

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



Week of 13 April- 20 April 2008

- **Market hearsay goes that Baidu.com plans to set foot in online game operation, and will soon launch several game products.** The search engine reportedly will make full use of its platform and online game channel to co-manage online game services with a NASDAQ-listed Chinese online game company. Baidu's participation will set great influence on the online game market, supported by its high market coverage rate, rich resources and advanced promotion competence. Scale of China's online game market amounted to 12.8 billion yuan (US\$2 billion). It is expected to expand more than 20 percent annually in the following four to five years to hit 40.1 billion yuan (US\$6 billion) in 2011.

Hardware

- **Cisco Systems appointed Jim Sherriff, senior VP of global operations, to the newly created position of chairman of Cisco China, and launched new public-private collaborative programs in the fast-growing nation.** In his new role, Sherriff is responsible for implementing the company's China strategy, which includes research and development, education, procurement, investment, and training. Sheriff and Randy Pond, executive VP of global operations, will co-chair the Cisco China Strategy Board. Other board members include Owen Chan, president of Cisco Asia Pacific, and Thomas Lam, president of Cisco China. The announcement was held at a Beijing news conference, where the CEO also announced an expansion of agreements with the Chinese government.
- **Walt Mayo, Dell's global vice president and general manager of its Asia Pacific Region's Consumption Business Department, confirmed that the company will join hands with Hisap High Technology Corporation to enter the retail market.** To this end, Hisap will introduce a series of high-quality Dell notebooks and desktops with higher price-to-performance ratio and lower prices during the May Labor Day holiday period.
- **Dell Inc., the world's second largest personal computer manufacturer, will expand sales partnership with Suning Appliance Co., China's second-largest retailer, in addition to its previous exclusive tie-up with Gome Electrical Appliances Holding, in a bid to boost earnings outside the U.S amid domestic economic recession.** Dell will sell laptops and desktops through Suning stores, said its global operating manager Michael Tatelman, adding that the company also plans to team up with several small-sized Chinese retail chains in a short term to enhance a fleet of 12,000 stores in the world's second-largest PC market. Dell began selling products through Gome stores last year. It is eying to more than double the number of Gome stores to 900 this year, aims more than 50 percent of sales from outside the U.S.
- **HP has launched a large range of commercially-used printing solutions to help medium and small enterprises in China to improve their marketing efficiency, increase their production and more efficiently manage their printing environment.** HP has launched more than 25 kinds of brand-new network printing tool based solutions, and these optimized printers are suitable for making any kinds of marketing materials, business sponsorship documents and daily documents in a fast and cost-effective manner.

Mobile/ Wireless

- **GrenTech Corp. Ltd. recorded a net profit of 82.5 million yuan (US\$11.3 million) for 2007, tumbling 44.6 percent on an annual basis.** The annual revenue was 979.3 million yuan (US\$134.3 million), growing 17.59 percent year-on-year. A 39.9 percent increase in costs was behind the drop in net profit, which was driven primarily by a large sales volume with a decreased average selling price for wireless coverage products in 2007. Contracts with China Mobile and China Unicom increased revenue significantly due to the operators' wireless coverage expansion, while China Telecom and

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



Week of 13 April- 20 April 2008

China Netcom reduced their PHS (personal handyphone system) network coverage expenditures, which had a negative impact on the company's revenue in 2007.

- **Chinese handset manufacturers Gionee and K-Touch unveiled several analog TV mobile phones at a conference in Shenzhen, while an analyst from Sino Market Research Ltd. said that the analog TV function will become a major selling point for mobile phones in China this year.** Gionee plans to launch several more models of analog TV mobile phones this year, including the A11, A12 and A16, he said. They will all have large-sized screens, and the A16 will have a stylish design to target women users. The A10, powered by Telegent Systems' single-chip mobile TV receiver, will be sold through Acorn International's TV shopping platform at the end of this month at 1,680 yuan (US\$240.30) for retail.
- **Gionee Communication Equipment Co. Ltd. plans to launch several "quasi-3G" mobile phone models with video chat functionality this year.** These mobile phones will allow users to chat while seeing each other's video images, like they do using Tencent's QQ instant messaging tool. Initially we will allow users to type messages, and later on we will provide a voice chat function. China Mobile, the largest mobile operator in China, launched commercial trials of 3G services in eight cities utilizing China's homegrown TD-SCDMA standard on April 1. Six TD-SCDMA mobile phone models, supplied by ZTE, Samsung, LG, New Postcom, Lenovo and Hisense, are now available for sale. Video telephony is a typical function provided by these 3G phones.
- **Mobile phone users in Shenzhen city urges the domestic (China's homegrown 3G technology) network to connect with Hong Kong's 3G network as soon as possible.** The difference in 3G systems makes Hong Kong's 3G mobile phones inapplicable in Shenzhen and vice versa. Hong Kong and Shenzhen users expect the two networks to connect soon in order to satisfy daily communication demand. Although China Mobile has launched TD-SCDMA business in Shenzhen on trial basis, most users are not eager to buy 3G mobile phones due to instable technologies and high fees.
- **Chinese handset manufacturer Beijing Tianyu Communication Equipment Co. Ltd., also known as K-Touch, shipped 14 million mobile phones to distributors last year.** In addition to selling mobile phones in China, K-Touch also exports its products to countries in Southeast Asia, South Asia, Eastern Europe and Central Europe through partnerships with distributors in those countries. Overseas markets accounted for approximately 10 percent of K-Touch's revenues in 2007, and the company aims to increase the percentage to 20 percent this year. Because China Mobile will not have wide TD-SCDMA 3G network coverage in China 2008, K-Touch received a license for the production of GSM and CDMA mobile phones from the government. It launched mobile phones for its own brand K-Touch.
- **Mainland set-top box manufacturers are scrambling to deliver advanced products domestically, as demand for higher-performance digital television broadcast services heats up before the Beijing Olympic Games.** The country's rapid conversion from analogue to digital broadcasting has led set-top-box makers to increase production to meet the requirements of service providers across the mainland. The mainland's cable television broadcasters had made implementation of high-end digital cable set-top boxes a priority in anticipation of existing and newly signed domestic subscribers watching the Games this August on digital television sets. Beijing-based CCID Consulting estimated there were 27 million new digital mainland television users last year, of whom 12 million were cable digital television subscribers.

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



Week of 13 April- 20 April 2008

Media, Entertainment and Gaming

- **Giant Interactive has launched its much-hyped new game Giant Online. The success of the offering will be critical to the future of the company.** The game took 21 months to develop with a team of close to 200 developers. So far, US\$5 million had been spent, said Eric He, chief financial officer of Giant, and a further US\$5 million to US\$10 million would be invested in the next five years to enhance the game. Giant shares surged 22 percent in the two trading days after the game was launched on March 28. The game is free to play, but taking shortcuts to gain skills and experience costs cash. Essentially, players pay to cheat. That helped Giant boast a net margin of 74 percent last year.
- **Growing mainland consumption has become a good enough reason for retailers, investors and media firms to consider expanding into television home shopping.** But building trust between customers and retailers is crucial to whether television shopping succeeds or fails. Still in its developing stage, television shopping only makes gross sales of less than 7.02 billion yuan (US\$1 billion) per year, compared with the annual retail sales of 8 trillion yuan last year.
- **Chinese online game developer Sohu.com Inc. will start an open beta test of Tian Long Ba Bu (TLBB) in Hong Kong and Taiwan on April 16, 2008.** Some Taiwan players have participated in a previous closed beta test of the martial art massive multiplayer online RPG. TLBB was launched as a proprietary online game of Sohu on May 9, 2007. Since November 1 2007, when the second expansion pack of the game was released, its peak concurrent players have topped 500,000, surging 20 percent from earlier. Online market research expert iResearch points out that martial art is popular in Taiwan and Hong Kong, so TLBB is very likely to be warmly welcomed in the area.

Software

- **Ninetowns Internet Technology announced that in conjunction with its annual testing for the impairment of long-lived assets and goodwill in accordance with relevant accounting standards, the Company expects to record a non-cash impairment charge of up to 197 million yuan (US\$42 million) against its long-lived assets and goodwill.** Of this impairment, a significant amount is expected to be charged against goodwill that was derived from the acquisition of minority interests in the Company's business-to-government ("B2G") business during its pre-IPO restructuring in June 2004. The Company is now in the process of finalizing the annual testing with its advisors, including an independent third-party valuation specialist.

Telecommunications

- **China Unicom's subscriber base stood at 167 million at the end of March, up 1.63 million from end-February.** Subscribers for its global system for mobile (GSM) services rose 1.32 million over the month to 124 million. Subscribers for its code division multiple access (CDMA) service totaled 42.8 million at the end of March, up 301,000 over the previous month.
- **The China Communications Standards Association (CCSA) announced it is developing standards for integrating different communications channels into unified platforms, an official from the industry association said.** CCSA has shifted its focus from traditional telecom services to Internet-related convergent services. Currently, the company is researching standards for unified communications. Unified communications refers to the integration of communication channels, including telephone, mobile phone, fax, PDA and others, to provide users with a unified interface and experience.

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



Week of 13 April- 20 April 2008

- **ZTE Corporation of China, an advanced telecommunication systems and equipment company, is actively promoting its WiMAX products in both developed and emerging markets.** The company's WiMAX product line global marketing director Yuan Wei predicts WiMAX revenue would be close to those of CDMA products in 3 years. WiMAX product application readiness is 4 to 5 years ahead of those of Long Term Evolution so many WiMAX end-products will be ready for commercial use in 2009. According to Mr. Wei, currently the market does not understand WiMAX very well but the global WiMAX market is expected to reach US\$10 billion in 2009, in which equipment accounts for US\$4 billion, and market value is expected to rise to US\$32 billion and equipment to increase to US\$16 billion in 2012.
- **China Mobile chairman and CEO Wang Jianzhou say Apple Computer of the U.S. is strongly interested in introducing the handset iPhone to the market of China, but both sides need to discuss more cooperation details such as operation mode.** On China Mobile's foreign expansion, the company tends to own international mobile operators as a small equity shareholder to gain related experience. Although taking over another company by way of shareholding could lead to fast expansions, China mobile prefers a steady pace. Also the takeover costs of mobile communication operators of world fame may be too high for the company.
- **MediaG3, Inc. announced that it is entered a partnership with Academy of Broadcasting Science (ABS), a division of China central government State Administration of Radio, Film and Television (SARFT).** The two entities plan to roll out mg3 wireless for interactive TV coverage and high speed Internet China. Broadband wireless technology has tremendous market potential in China, especially in vast regions where cable coverage is not feasible.

Taiwan

Telecommunications

- **Chunghwa Telecom Co. Ltd. is seeking authorization from Microsoft Corp. for the MSTV platform to be applied to Chunghwa's multimedia-on-demand (MOD) services, the Commercial Times reported, citing market talks.** The license fee could be around several billion Taiwan dollars based on a rule-of-thumb 40-50 USD per MOD subscriber. Taking into account 1.2-1.5 million set-top boxes required for the service and the licensing, the MSTV project could require total investment of NT\$10 billion (US\$330 million) in the next three years.
- **Acer and Quanta Computer recently joined telecom providers to form an alliance christened Consortium of Mobile Broadband to promote WiMAX technology.** The telecom providers include Global Mobile Corp., Vestar Cable TV Network Co., Ltd., Tatung InfoComm Co., Ltd., and First International Telecom Co., Ltd. Industry watchers on the island said the allying suggests that makers of network-communications equipment PC makers have emerged as another major force pushing the formation of the next-generation mobile industry in Taiwan.

Hardware

- **Ritek Corp. is expected to replace Sony as the world's third-largest supplier of blu-ray DVD discs this year, trailing only Japanese counterparts TDK and Panasonic.** TDK and Panasonic of Japan were the top-two blu-ray disc brands in 2007, each commanding a global market share of 30 percent. Sony ranked No. 3 with an 11 percent share. Ritek and another local producer CMC Magnetics Corp. took the No. 4 and No. 6 position, respectively. Ritek has been actively ramping up production of blu-ray DVD discs when such format has been confirmed to be the next-generation

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



Week of 13 April- 20 April 2008

DVD mainstream standard to win more business opportunities brought by the upcoming Beijing Olympics.

- **Hon Hai is studying the feasibility of setting up a China electro-aluminum plant.** The group is collecting information to assess a possible investment in Guangxi in southern China involving the production of aluminum electronic products. The group includes Taiwan-based Hon Hai Precision Industry Co. Ltd. and Hong Kong-listed Foxconn International Holdings, among others.

Semiconductor

- **According to MediaTek, a chip developed by the company that made it easy for companies to put touch screens on handsets boosted volume handset sales.** The use of touch screens on mobile phones is already soaring, and the introduction of a new line of small computing devices designed to connect people to the Internet is also fueling their use. The touch screen market will grow to a value of US\$3.1 billion this year from US\$2.78 billion last year. Three trends are driving the market, starting with the iPhone craze. MediaTek's main customers are in China, and the chips have been used in scores of handsets there. A new category of devices is also coming out that is increasing touch screen use, known variously as ultramobile PCs (UMPCs), mobile Internet devices (MIDs) and a growing list of names. On a separate note, MediaTek acquired NT\$396.05 million (US\$413.1 million) of Nanya Technology Corp's bonds and is expected to hold the bonds until maturity.
- **Taiwan Semiconductor Manufacturing Co. announced that it has signed an exclusive agreement with Blaze DFM, Inc. to offer Power Trim Service, a new service offering combining a patented Blaze power optimization technology with special variations of TSMC's advanced manufacturing process.** Under the terms of the agreement, TSMC will make available to its customers the Power Trim Service which provides significant leakage power reduction while maintaining chip performance and area. In addition to delivering substantial reductions in leakage power above and beyond existing techniques already employed in the chip, the Power Trim Service also significantly reduces leakage power variability, a critical power issue to overcome in next generation system-on-chip (SoC) designs.
- **Powerchip Semiconductor Corp. is considering a private equity placement worth up to US\$350 million to raise funds to buy raw materials.** Powerchip would raise the funds by issuing an overseas exchangeable corporate bond but the timing would depend on market conditions, the company said in a statement to the Taiwan Stock Exchange. Powerchip is not in talks with potential investors on a sale at the present time. Powerchip and other makers of dynamic random access memory (DRAM) chips, used primarily for PCs, are struggling in the battered computer memory chip market, but some analysts expect the sector to recover in the second half of the year.

Internet

- **America Online has recently opened a tailor-made portal site for Taiwanese Internet users in cooperation with udn.com owned by the United Daily News Group, starting its first portal site in East Asia.** The site will offer free electronic-mail, instant messaging, as well as online video and audio search services in the initial stage. The company chooses Taiwan as its springboard into the East Asian market in light of the island's well-developed information technology industry and its mature Internet market. The company will also work with Phoenix TV of Hong Kong's Internet business and co-introduce portal site and search engine with Hewlett-Packard Co. (HP) for Taiwanese holders of HP computers.

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



Week of 13 April- 20 April 2008

Media, Entertainment and Gaming

- **Taiwan's Cable Broadband Institute (CBIT) has joined forces with the Cable & Satellite Broadcasting Association of Asia (CASBAA) to call for a lighter regulatory regime for pay-TV in the country.** CASBAA has released a report analyzing the market structure, while CBIT has introduced a white paper featuring a series of recommendations for changes to Taiwan's pay-TV regulatory environment. It is remarkable that while Taiwan is the largest producer of LCD TV panels in the world with one of the highest cable TV penetration markets anywhere, it has yet to undergo a digital transformation. The status quo restricts content choice and services that are already available to other consumers in the rest of Asia. This position needs urgent attention.

Hong Kong

Mobile/ Wireless

- **Lenovo Mobile, the former handset unit of Lenovo Group, is set to go public soon. However, the company did not say when or where the company would be listed.** Lenovo completed the sale of its handset unit on March 31 in a deal valued at US\$100 million. Lenovo's decision to divest the handset unit helped narrow the company's focus to its core computer business. The company's cell-phone sales had been limited to China, and the unit struggled in recent months in the face of tough competition.
- **Samsung will make use of the Olympics opportunity to launch new mobile phone models and it sets a Hong Kong mobile phone market share goal of 20 percent in 2008.** The company will launch two 3.5G Olympic mobile phone models before early June. The company has launched a limited edition Olympics mobile phone model E848 in October 2007 in Hong Kong which had initial monthly sales of over 1,000 handsets. Through the Olympics promotions, Kim hopes Samsung's mobile phone market share will jump to 20 percent from the current 15 percent in 2008 to land itself on the second place. The company will promote high-definition television set (HDTV) sales actively. Samsung will increase its marketing expense by 30 percent to snatch the market leader spot. The brand's HDTV market share in March was 15 percent and it hopes to reach 25 percent at the end of 2008. Kim notes that mobile phone and HDTV are the two pillar operations of the company.

Telecommunications

- **Minority shareholders of Pacific Century Premium Developments Ltd. (PCPD) rejected PCCW's US\$333 million buy-out plan.** PCCW which owns 61.53 percent stakes in PCPD, planned to buy all the shares of the real estate firm that it did not hold yet. The company proposed to offer HK\$2.85 (US\$0.4) per share for about 926.13 million outstanding PCPD shares. If this proposal got approved, it will delist PCPD before May. 12, 2008. Analysts noted that the offer price was too low, about 10 percent discount to PCPD's book value in 2007, or an 11.2 percent discount to its adjusted net tangible asset value last year. PCCW's Shares were flat while PCPD were suspended on Apr. 17.

Semiconductors

- **ACL Semiconductors, Inc. announced its audited financial results for the year ending December 31, 2007.** The company reported of US\$160.4 million compared with US\$105.6 million for the prior year ending December 31, 2006, an increase of 52.4 percent over the comparable period. The company reported US\$.0621 per share in EBITDA. EBITDA for the year was US\$1.8 million versus US\$1.5 million for the same period in 2006, an increase of 15.5 percent. Operating expenses for the

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



Week of 13 April- 20 April 2008

year increased 5.4 percent from the previous period to US\$3.1 million. The company reported a decrease in net income for the 2007 calendar year to US\$331.1 thousand compared with US\$555.4 thousand for the prior 2006 calendar year.

Hardware

- **Lenovo Group was considering acquisitions to expand outside Asia into markets including the Middle East and Turkey where computer use was less widespread as a slowdown in the US economy threatened to curb spending on technology products.** The boom is attracting global firms in sectors from financial services to technology hoping to cash in on growth in consumer and corporate spending. Lenovo was also trying to cement its place in the U.S. consumer arena, where it introduced its first computers in January. The firm beat market expectations as it tripled quarterly earnings in the third quarter on strong Asian demand.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **The Australian government canceled a A\$958 million (US\$869 million) funding agreement with a venture led by Singapore Telecommunications Ltd. to build a broadband network in Australia's more remote areas, saying the proposed network didn't meet coverage requirements.** The proposed network by OPEL Networks Pty. Ltd. a joint venture of SingTel's Australian unit, Optus, and a unit of Futuris Corp. of Australia didn't satisfy contract conditions. The decision will likely make an upcoming tender for the government's planned nationwide high-speed broadband network even more competitive.
- **Vietnam will well operate and tap its first telecommunication satellite, which was successfully launched and plan to launch one or two additional satellites in the near future.** From mid-May to the end of this year, some major Vietnamese enterprises, including telecommunications company Viettel, Voice of Vietnam and Vietnam Television will complete the shift from renting foreign satellite services to using services based on the medium-sized satellite coded Vinasat-1, Tran Duc Lai. The 2.6-ton telecommunication satellite produced by US firm Lockheed Martin was successfully launched by French company ArianeSpace in Kourou site in French Guiana on the northeast coast of South America.

Software

- **Infosys Technologies Ltd. reported a 9.2 percent rise in its fiscal-fourth-quarter net profit.** The slowing of U.S. economy cut the pace of the company's growth. But India's second-largest software exporter forecast higher-than-expected revenue growth of 19.2 percent to 21.2 percent for the fiscal year that began April 1, raising hope that the impact of an economic slowdown in the U.S. will be limited. Consolidated net profit for the three months ended March 31 rose to 12.49 billion rupees (US\$313.3 million) from 11.44 billion rupees (US\$287 million) a year earlier.

Internet

- **Indonesian Internet companies blocked access to YouTube and MySpace, heeding a government order aimed at stopping people from watching an anti-Islam film by a Dutch lawmaker.** Anti-immigration politician Geert Wilders posted the 15-minute film on the Internet on March 27. It has since been widely available on blogs and file-sharing sites. Indonesia's main Internet service providers had temporarily blocked YouTube, MySpace, Google Video and other file-sharing

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



Week of 13 April- 20 April 2008

Web sites. The government ordered the providers to block the sites last week, saying Mr. Wilders's film could disturb relations between the faiths.

United States/Canada

Mobile/Wireless

- **As part of its effort to recast itself as an innovative retailer, AT&T is adding Microsoft's Surface table to its cell-phone business.** The company became the first to use the table-like touch display in a retail environment. AT&T stores in New York City, Atlanta, San Antonio and San Francisco will feature the 30-inch display. If the pilots go well, there are plans to deploy it across AT&T's 2,200 retail stores in the U.S. Both companies said the use of Microsoft Surface will transform the way consumers shop for mobile devices. Surface can provide shoppers with an entirely new, unique and personalized shopping experience.
- **Verizon Wireless this week unveiled its newest smartphone, the XV6900 with touchscreen and stylus access to its EV-DO 3G network with a full keyboard, camera, and suite of Windows enterprise applications built in.** The XV6900 has a five-way enter/navigation button, as well as one-touch access to functions like e-mail, text messages, calendar appointments, contacts, and weather forecasts. The new handset uses the Windows Mobile 6 Professional operating system, and provides access to the mobile versions of Internet Explorer, Word, Excel, and PowerPoint; the handset also has an Adobe Reader LE PDF viewer. PowerPoint and PDF files are view-only on the XV6900.

Media, Entertainment and Gaming

- **CBS is establishing a permanent office in Silicon Valley, marking an unusual effort by a traditional media group to plant its flag in the heart of the technology industry.** The office will be at Menlo Park, California, and house engineers and product managers building the internet video players, social networking applications and other features that CBS hopes will attract a new generation of viewers to its websites. The moves are part of a broader restructuring of CBS Interactive. Underlying the plan is an acknowledgement by the television broadcaster that it needs to acquire top technology talent if it is to compete in an era in which audiences are rapidly shifting to new media.
- **MTV will start selling full albums that can be downloaded and played in its "Rock Band" video game.** The first title comes from classic metal act Judas Priest. Judas Priest's "Screaming for Vengeance," which contains the band's hit "You've Got Another Thing Comin'" and nine other tracks, will cost US\$15, with individual songs from the album going for US\$2 each. MTV has released new tunes every week for "Rock Band," usually in the form of three-song packs focused on an artist or genre, with players buying more than 8 million songs so far.
- **Electronic Arts Inc. extended by nearly a month its tender offer for Take-Two Interactive Software Inc. but also lowered the price it will pay for each share of the "Grand Theft Auto" maker.** EA's offer will expire on May 16. About 6.4 million shares of Take-Two had been tendered, representing roughly 8 percent of Take-Two's outstanding shares. EA extended the deadline to comply with a second request it received from the Federal Trade Commission for information about the proposed acquisition. It's the second extension, the first came after Take-Two moved back the date of its annual shareholder meeting by a week. The company wants to put its marketing muscle behind "Grand Theft Auto IV," which goes on sale April 29.
- **Led by stellar sales of Nintendo's games and systems, U.S. retail sales of video games jumped 57 percent to US\$1.7 billion in March.** Nintendo's "Super Smash Bros: Brawl" for the Wii was the

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



Week of 13 April- 20 April 2008

month's top-selling game with 2.7 million units sold. Coming in a distant second was "Tom Clancy's Rainbow Six: Vegas 2" from Ubisoft with 752,300 units and "Army of Two" from Electronic Arts Inc. with 606,100. All three games hit store shelves in March. Hardware sales grew 46 percent to US\$551.3 million from US\$377.9 million. Game accessories, at times an overlooked category, reaped in US\$220 million, up 58 percent from a year earlier. Americans bought 721,000 Wiis during the month.

- **Microsoft Corp. sold 262,000 Xbox 360 game consoles in the U.S. in March, regaining its lead over Sony Corp's PlayStation 3 as supply constraints eased.** For the most part the company is in good supply throughout the retail channel. There are still pockets of shortage, but for most part the people can go into a store and find an Xbox 360. Microsoft cited data from market research firm NPD, which is due to release fuller monthly video game sales figures.

Telecommunications

- **Commuter bus and buses in more than 20 other cities now offer wireless Internet. The service surfaced about four years ago.** Mountain Metropolitan Transit in Colorado Springs first offered WiFi on buses in 2004. It is now available across the U.S. in cities such as San Francisco, Reno, Austin and Seattle. Wireless service is also on some commuter trains. The Massachusetts Bay Transportation Authority added it to its 45-mile rail line between Worcester and Boston in January. New York City's Metropolitan Transportation Authority announced an agreement last September to wire the city's 277 subway stations in the next six years.

Internet

- **Yahoo would carry Web search advertising from Google in a test that could put pressure on Microsoft to raise its bid to buy the company.** Yahoo, facing a three-week deadline from Microsoft to reach a deal and eager for a higher offer, also was still in talks with Time Warner's AOL about a potential tie-up. The two-week test with Web search leader Google would involve Yahoo targeting Google Web search advertisements at 3 percent of the users of Yahoo's own search services. A deal between Yahoo and Google would make the market for Web search less competitive turning the tables on Google, which has charged Microsoft with anti-competitive practices in the past. Microsoft would face tough scrutiny of its own from regulators if it bought Yahoo.
- **Consumers who use search engines, online social networks, browsers and the like face a gantlet of viruses and malicious software code.** The repercussions go beyond the loss of personal data. As more consumers are victimized, it could undercut their confidence in legitimate websites. Previously, hackers were more likely to use e-mail with attachments to steer victims to virus-tainted websites. Now, they are implanting their links on legitimate websites. The malicious attacks, including recent exploits of users of Google, Facebook, search engine Mozilla and others are designed to steal user credentials or launch bigger attacks through the victim's social network of contacts.
- **Amazon.com launched a premium support program for developers using the online retailer's cloud-computing platform.** Customers of Amazon Web Services can signup to get questions answered or to receive technical assistance for operational issues during development, testing or integration of applications running on Amazon's infrastructure. The service covers an unlimited number of support cases and is available through a monthly subscription with no long-term contracts. Amazon leases processing power and storage on its giant data center over the Web. The retailer's Elastic Computer Cloud is the development and deployment environment.
- **News Corp.'s MySpace plans an aggressive expansion into markets outside of the U.S. in a move that will help boost revenue and profits in coming years.** Italy, Brazil, Germany and China

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



Week of 13 April- 20 April 2008

are among the fastest growing countries for MySpace in terms of users. Revenue contributions from those countries are also on the rise, without providing specifics. MySpace, which has about 110 million monthly users globally, is losing momentum to U.S. rival Facebook, and other fast-growing upstarts. News Corp. is ramping up efforts to generate more advertising and other revenue from MySpace through global expansions and by launching services.

- **EBay Inc.'s first-quarter profit climbed 22 percent and revenue increased 24 percent, propelled by its PayPal electronic-payments unit and some non-auction businesses, though the company still faces challenges in reversing slowing growth at its auction unit.** The company also raised its forecast for 2008 revenue and earnings, surpassing current Wall Street estimates. The report marks the big structural changes implemented by the company's CEO including better customer service and a different fee structure aimed at rejuvenating the company's flagship auction site. While those policy changes helped somewhat to generate higher revenue, the company said revenue growth in its main auction business unit was driven primarily by advertising, classifieds and the online-ticketing unit StubHub, rather than by expansion in core auction sales.
- **A Texas woman has sued Blockbuster Inc. alleging the video rental company transmitted her personal information to Facebook.com through the Web site's Beacon marketing program.** Beacon, which Facebook launched in November, got the information from Blockbuster through computer tracking programs without her permission. In her complaint, filed April 9 in U.S. District Court for the Eastern District of Texas, Harris claims that by allowing Facebook to get at information on her movie renting and buying habits Blockbuster violated the Video Privacy Protection Act. The company denies the allegations.

Semiconductors

- **SanDisk Corp. issued a strong sales forecast and said it expected memory price declines to moderate in the current quarter.** Sales were helped by its international business, by demand for its Sansa music players, and by mobile-phone and satellite-navigation device buyers. The company planned to expand in markets that are less vulnerable to sharp price declines, such as corporate data storage. Conditions should improve gradually as the low-price inventory is sold through the channels. The average capacity of its retail flash memory cards increased 71 percent from a year earlier and 16 percent from the fourth quarter.

Software

- **Red Hat Inc. had abandoned plans to develop software that would compete directly with Microsoft Corp. for the consumer-desktop-computer market.** Open-source software makes underlying source code freely available to be used or modified. Red Hat had no plans to make a traditional desktop product for the consumer market in the foreseeable future. The desktop market suffers from having one dominant vendor, and some people still perceive that Linux desktops simply don't provide a practical alternative. It would continue to develop a version of the software for personal computers whose users are supported by computer resellers.
- **Oracle plans to expand its lawsuit against SAP to include charges that its TomorrowNow subsidiary stole software applications from Oracle, and that it did so with the knowledge of SAP executives.** Oracle plans to file a second amended complaint against SAP and TomorrowNow that will reveal a pattern of unlawful conduct that is different from, and even more serious than, the conduct described in its initial complaint. SAP's lawyers accused Oracle of exaggerating its claims, using court filings as press releases and trying to prolong the case unnecessarily.

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



Week of 13 April- 20 April 2008

- **Outsourcer Affiliated Computer Services has acquired Orbital Sciences Corporation's Transportation Management Systems business for US\$42.5 million.** TMS provides public transit agencies and transportation companies with computerized fleet management tools that use global positioning systems to track vehicles. The unit posted about US\$50 million in revenues in the 12 months prior to the end of March 2008. The deal will be financed through a combination of existing cash and borrowed funds. Fleet management systems are becoming increasingly critical for public transit agencies and other transportation concerns due to the rise in fuel prices.
- **In the latest of a long line of data and storage-related buys, IBM has acquired Diligent Technologies for an undisclosed sum.** Diligent's technologies and its workers will be brought under IBM's system storage business unit within the systems and technology group. The buy marks the third storage-related grab by IBM in just the past few months, following its moves to acquire XIV and FilesX. IBM, which posted strong second-quarter earnings, said the Diligent deal is also part of its planned earnings-per-share growth strategy. De-duplication is seen as a hot trend within the storage space. The 451 Group last year predicted the market sector could grow to US\$1 billion by 2009.

Hardware

- **Dell Inc. plans to join rivals in entering an emerging market for low-price notebook computers.** Dell would launch a new low-cost product built by Compal as early as June. A Dell spokeswoman confirmed the company's plans to enter the field. The new product category has several names, including netbooks, mini-notebooks and ultramobile PCs, or UMPCs. One of the best-known entries is Asustek Computer Inc.'s Eee PC, a low-end portable delivered last year at a starting price of US\$299. Dell's biggest competitor, Hewlett-Packard Inc., this week introduced a laptop with some similar features for the education market that starts at US\$499.
- **Apple filed two patent applications that describe improvements in head-mounted displays, which typically combine one or two small display screens with magnifying lenses inside a helmet or glasses.** In Enhanced Image Display In Head-Mounted Displays. Apple claims that its approach provides a wider field of view and creates a more natural viewing situation for a user of a head mounted display, which results in improved comfort and usability for head mounted displays. The iPod, with its small video screen, would benefit the most from a head-mounted display. While Apple does not specifically cite its iPod as a possible video source for wearers of the described head-mounted display, its patent application points out that the external source can be a portable source.

Europe

Mobile/ Wireless

- **Nokia Corp. reported a 25 percent rise in first-quarter net income on robust growth in emerging markets, but sounded a cautious tone about industry growth rates.** The weaker U.S. dollar, the general economic slowdown in the U.S. and possibly some economic slowdown in Europe would lead to a fall in the value of the handset market in euro terms in 2008. Shares tumbled 10 percent. Nokia's first-quarter results are under its new reporting structure, effective Jan. 1, which comprises two major divisions -- Devices and Services, and Nokia Siemens Networks.
- **Carphone Warehouse, a large independent mobile-phone retailer, and O2, the U.K. mobile-phone division of Telefonica, cut 100 pounds (US\$198) off the price of their least expensive model of the iPhone.** The move touched off fresh speculation that Apple Inc. may be preparing to launch a third-generation version of the popular handset this summer. In the U.S., a shortage of the

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



Week of 13 April- 20 April 2008

touchscreen mobile phones has recently caught analysts' attention. Customers buying either model are still required to sign up for an 18-month contract with O2, paying at least 35 pounds a month.

Internet

- **EU states agreed on tight laws against incitement to terrorism in order to clamp down on militant groups' use of the Internet.** EU justice and interior ministers also agreed in Luxembourg on an action plan to try to stop groups getting explosives. Internet has taken on huge importance for militants, enabling them to share know-how, plan operations and spread propaganda to a mass audience. The Internet is used to inspire and mobilize local terrorists, functioning as a virtual training camp. States may also consider attempts to train and recruit as terrorist offences, but are not obliged to do so.

Telecommunications

- **France Télécom SA is considering a bid to acquire TeliaSonera AB, Sweden's largest telecommunications company.** The potential deal comes during a period of consolidation in the European telecom sector, as bigger firms search for scale and growth in the mostly mature markets of Europe. TeliaSonera's market capitalization is about US\$38 billion, and it had US\$16.4 billion in revenue last year. A possible deal would create a telecom giant with annual sales of 63 billion euros (US\$100 billion) and a presence in France, Spain and the U.K., as well as in Nordic and Baltic states. It would also allow France Télécom to better compete with Deutsche Telekom AG, which is Europe's largest telecom company by revenue.
- **European Union regulators stepped up their threat to put price caps on mobile-phone companies' fees for sending text messages and other data between EU countries.** EU Competition Commissioner Neelie Kroes backed the possibility of adding data and text messages, known as short message services or SMS, to an EU regulation limiting rates on voice roaming calls. The European Commission, the EU's executive arm, wants operators ranging from the U.K.'s Vodafone Group Plc to Belgium's Mobistar SA to reduce international prices for text messages and other data. The commission is seeking to publish companies' prices on a European Commission Web site around mid-July.

Semiconductor

- **ASML, the Dutch supplier of tools to the semiconductor industry, said the credit squeeze may have contributed to several customers postponing their orders as the group cut its sales forecast for the year by 10 percent.** Prices for memory chips have come under pressure due to an oversupply, a situation would improve in the second half of the year as manufacturers switched to smaller chip sizes, where ASML had a technological edge. The company expected weaker net sales for the next two quarters, which was likely to lower 2008 sales by about 10 percent from the 3.8 billion euros (US\$6 million) last year. The projected sales decline of 10 percent was wildly optimistic.
- **Intel argued with technology investors that the company had yet to feel the effect of the credit squeeze that has led to big writedowns by banks and heightened fears of a U.S. recession.** Healthy demand across all business segments had contributed to sales in the first quarter that were stronger than expected. Intel also issued a robust forecast for the coming quarter, bucking the trend for downbeat macroeconomic news. Intel's shares rose 8 percent in after-hours trading to US\$22.60, while shares of Hewlett-Packard and Dell rose more than 1 percent. Intel made a net profit of US\$1.4 billion in the first quarter. That was down 12 percent from the year before but in line with most Wall Street estimates. Earnings per share were US\$0.25 on sales of US\$9.7 billion.

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



Week of 13 April- 20 April 2008

Software

- **Tecnocom, Telecomunicaciones y Energia SA, a large Spanish computer-services company, has attracted interest from investors.** Tecnocom has been approached by funds, banks and companies. Tecnocom is said to be the largest Spanish computer-services provider after Indra Sistemas SA through acquisitions. The company develops and manages computer applications and systems for clients including Telefonica SA. Sales more than doubled between 2005 and 2007 and the company predicts they will almost triple this year, aided by the takeover of the Iberian operations of Getronics NV. The company's main shareholders aren't interested in selling because they want to focus on the company's expansion.

Software

- **Fujitsu Siemens Computers boosted pretax profit by 15 percent in its fiscal year to end-March, but sales slipped 5 percent as the company shifted strategy in a difficult market.** The joint venture of Japanese electronics conglomerate Fujitsu and German industrial group Siemens said its sales should rise by 5 percent this year as the changes it has made start to show. Global growth in the number of PC shipments is expected to slow to 10.9 percent this year from 13.4 percent, as markets gradually become saturated and wider economic concerns delay replacements. Profit margins are thin in the PC business, which is largely commoditized and fiercely competitive on price.

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



Week of 13 April- 20 April 2008

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 4/18/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	103.6500	2.7%	4.6%	-7.9%	-13.0%
Hong Kong dollar	HK\$/ US\$	7.7930	0.1%	0.1%	-0.2%	0.2%
Chinese renmenbi	RMB/ US\$	6.9935	-0.2%	-0.3%	-4.2%	-10.4%
Singapore dollar	S\$/ US\$	1.3546	-0.2%	-1.6%	-6.3%	-11.9%
South Korean won	KRW/ US\$	997.5500	2.3%	0.8%	6.6%	7.3%
New Taiwan dollar	NT\$/ US\$	30.2700	-0.1%	-0.4%	-6.9%	-7.1%
Australian dollar	US\$/A\$	0.9334	0.6%	2.3%	6.7%	18.4%
New Zealand dollar	US\$/NZ\$	0.7900	-0.3%	0.7%	2.1%	12.2%
Philippine peso	PHP/ US\$	41.8000	0.8%	0.8%	1.5%	-14.7%
Euro	US\$/€	1.5815	0.1%	0.3%	7.5%	19.8%
British pound	US\$/£	1.9973	1.4%	0.7%	0.2%	2.0%

Fixed Income Prices and Yields

Note	Currency	Current (on 4/18/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	97.69	4.52%	101.20	4.30%	103.54	4.17%
Japan 30-year	¥	101.25	2.43%	101.25	2.43%	102.84	2.34%
Hong Kong 10-year	HK\$	107.36	2.67%	108.50	2.54%	110.23	2.35%
China (06/16)	US\$	99.98	4.69%	99.98	4.69%	109.50	3.36%
Singapore 10-year	S\$	110.55	2.35%	111.25	2.27%	112.27	2.15%
South Korea 20-year	KRW	10,468.54	5.17%	10,509.35	5.13%	9,766.00	5.61%
Australia 15-year	A\$	92.47	6.21%	92.94	6.15%	94.18	5.98%
New Zealand (12/17)	NZ\$	96.45	6.50%	96.30	6.52%	97.26	6.38%
Philippines 20-year	PHP	97.63	8.87%	99.23	8.68%	100.22	8.51%
India 30-year	INR	96.89	8.62%	96.95	8.62%	102.28	8.12%
UK 30-year	£	102.53	4.59%	105.73	4.41%	106.45	4.37%
Germany 30-year	€	89.67	4.66%	92.30	4.48%	93.52	4.40%

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