



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

***Week of 1 September - 7 September, 2008***

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Equity Market Indicators					
Index	Closing Level (9/5/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	1,242.31	-3.2%	-3.2%	-15.4%	-12.4%
Dow Jones Industrial Avg.	11,220.96	-2.8%	-2.8%	-15.4%	-10.0%
Dow Jones Tech. Index	366.49	-7.4%	-7.4%	-20.2%	-11.2%
Dow Jones Telecom. Index	233.77	-5.0%	-5.0%	-25.4%	-10.1%
NASDAQ Composite	2,255.88	-4.7%	-4.7%	-14.9%	-6.6%
The Street.com Net	251.67	-4.5%	-4.5%	-10.7%	1.8%
Japan Nikkei 225	12,212.23	-6.6%	-6.6%	-20.2%	-29.1%
JASDAQ	56.19	-3.2%	-3.2%	-22.1%	-34.8%
Japan Mothers	424.50	-8.7%	-8.7%	-45.8%	-61.8%
Korea KOSPI Composite	1,404.38	-4.7%	-4.7%	-26.0%	-2.1%
Korea Kosdaq	441.95	-6.0%	-6.0%	-37.2%	-27.1%
Taiwan Stock Exchange	6,307.28	-10.5%	-10.5%	-25.9%	-19.4%
Singapore Strait Times	2,574.21	-6.0%	-6.0%	-25.7%	-13.8%
Hong Kong Hang Seng	19,933.28	-6.2%	-6.2%	-28.3%	-0.2%
Hong Kong GEM	666.74	-3.4%	-3.4%	-50.6%	-45.6%
China Shanghai (A-Share)	2,311.63	-8.2%	-8.2%	-58.1%	-17.9%
China Shenzhen (A-Share)	636.67	-7.8%	-7.8%	-58.1%	11.8%
China Shanghai (B-Share)	147.11	-3.1%	-3.1%	-59.8%	13.1%
China Shenzhen (B-Share)	363.46	-5.5%	-5.5%	-48.8%	-16.1%

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

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						

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## Weekly Highlights

### International

#### *Telecommunications*

- **The global market for high-speed Internet services will be worth nearly US\$1 trillion by 2012.** The broadband market, which includes revenue from services to consumers and businesses, as well as the amount spent on equipment for the underlying infrastructure, is currently worth US\$590 billion, Yankee Group said. By 2012, the market is expected to grow to more than US\$903 billion.. The estimates are part of Yankee Group's concept of an "Anywhere" environment, where there is at least one broadband connection for every person on the planet. The lion's share of revenue will continue to come from services sold to the consumer. The market for consumer broadband services is worth US\$435 billion this year, and will grow to US\$681 billion in 2012. Green noted that the figure doesn't include additional add-on services such as navigation on cellphones, or entertainment content riding over the network

### Japan

#### *Telecommunications*

- **NEC Corp., Japan's maker of telecoms network equipment, expected to sell at least 7 million handsets in the year to end-March 2009 as it focused on the Japanese market and next-generation phones.** NEC, which supplies its handsets solely to NTT DoCoMo Inc , wants to expand its mobile business overseas, particularly emerging markets such as India and Latin America where mobile penetration rates are still low. NEC, once the dominant handset maker in Japan, ranked fifth in the country last year as NTT DoCoMo continued to shed users.
- **NEC announced its selection by PT Indosat Tbk to implement a mobile backhaul IP migration project that utilizes existing networks to transfer systems into the latest IP structure.** In order to remain competitive throughout Indonesia's fierce battle for domestic market share, Indosat is seeking to have its entire 3G network prepared for IP at the earliest possible stage.
- **NTT DoCoMo Inc., Japan's dominant mobile operator, has not given up the possibility of offering Apple Inc.'s iPhone in Japan.** NTT DoCoMo had been in talks with Cupertino, Calif.-based Apple earlier this year to secure the rights to offer the popular iPhone in Japan but smaller rival Softbank Corp. won the rights. NTT DoCoMo is interested in investing in Vietnam's telecommunications sector. The company hasn't made a decision yet on whether it will participate in MobiFone's planned initial public offering.
- **KDDI Corp., facing a saturated mobile market at home, is looking to drive revenue and earnings growth in the next few years by offering new services, boosting data and content usage and expanding in overseas markets.** Yasuda expects the portion of the company's overseas revenue, which accounts for more than 10 percent of total revenue currently, to rise to more than 20 percent in the next three to five years. To achieve that target, the Tokyo-based telecommunications and mobile phone company is keen on exploring further business opportunities in China and India and seek out new opportunities in other parts of southeast Asia. In China, it operates network service provider KDDI China Corp. while in India it operates KDDI India Pvt, which provides network systems. However, income contribution from these units are not yet substantial.

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## *Media, Entertainment and Gaming*

- **Japan International Broadcasting Inc. (JIB) has elected Hatsuhisa Takashima, former chief commentator at NHK, to the company's board of directors.** JIB is to launch Japan's first 24-hour all-English broadcasting service in February 2009.

## *Semiconductor*

- **Japan should immediately scrap punitive duties on its memory chips as required by a ruling of the World Trade Organization (WTO), according to Hynix Semiconductor of Korea.** Late last year, the WTO's dispute settlement panel ruled that Japan should eliminate duties on chips by Sept. 1 this year, Japan said it would keep the duties until 2010, after reducing them from 27.2 percent to 9.1 percent. Japan imposed the duties in retaliation for a bailout of the company by its creditors in 2002 that it believed amounted to a state subsidy and so far, Hynix Semiconductor has paid around US\$3 million in duties.

## *Hardware*

- **Logicoool Co., the Japanese arm of the Logitech Group, a leading global maker of computer peripheral devices, will release a portable wireless speaker system on Sept. 12 for use with cell phones and music players that support Bluetooth.** The PF700 can play music from devices spaced within 10 meters, and it also has an analog jack for use with devices that do not have Bluetooth capabilities. The PF700 also has a built-in noise-canceling microphone, so if a phone call comes while the user is listening to music the system can also function as a speakerphone for two-way conversations with a touch of a button. The PF700 has a lithium-ion battery that gives it 12 hours of continuous play time. It can be charged with the AC adapter or via its USB connection. It weighs roughly 450 grams.

## **Korea**

### *Telecommunications*

- **The Korea Communications Commission will launch a probe into cable TV service providers and portal operators over the possibility that information about customers has been leaked.** The telecommunications regulator will investigate whether the companies violated regulations on client information, including the possible disclosure of user information without their consent. Such a probe usually lasts for 15 days. Those to be investigated include four Internet portal operators - NHN Corp., Daum Communications Corp., SK Communications Co. and Yahoo Korea. Four cable operators that offer broadband services - C&M Co., CJ Hello Vision Co., T-broad Co. and Qrix Co.- will also be investigated.
- **Hanarotelecom Inc. will hold an extraordinary general meeting on Sept. 22 for shareholders to vote on a plan to change the company's name to SK Broadband Co.** Hanarotelecom, the country's second-largest broadband service provider by revenue after KT Corp., has been seeking to change its name after it was taken over by SK Telecom Co. in December. SK Telecom, Korea's largest mobile carrier by revenue, purchased a 38.9 percent stake in the broadband company for KRW1.09 trillion from a consortium led by American International Group, TPG Capital and TVG Capital Partners, making it the biggest shareholder in Hanarotelecom with a 43.6 percent stake.

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## *Hardware*

- **South Korea's LG Display Co Ltd and Taiwan's Amtran Technology agreed to set up a joint venture in China to produce flat screen modules and manufacture TV sets for brand makers.** LG Display, the world's second-biggest maker of liquid crystal display (LCD) panels, has sought alliances with Asian TV makers to strengthen its client base and reduce costs. The LG-Amtran joint venture will be set up in Amtran's existing production base in Suzhou, China, with initial funding of US\$20 million. LG Display will own 51 percent of the new company and Amtran, maker of Vizio brand LCD TVs, will hold the remaining 49 percent. The joint venture will produce 3 million LCD modules and 5 million LCD TV sets a year, with operations set to start early next year, LG said. It did not disclose the value of any additional investments to be made.

## **China**

### *Investments/ Ventures*

- **CITIC 1616 Holdings Ltd, in which CITIC Pacific Ltd holds 53 percent stake, would acquire IDD service provider China Motion Netcom Ltd (CMN) for HK\$260 million (US\$33.2 million) in cash from China Motion Telecom International Ltd.** CMN is engaged in provision of wholesale and retail international direct dial (IDD) services across Hong Kong, Taiwan, Singapore, Japan, the U.K., the U.S. and Canada. Upon completion, the acquisition will help CITIC 1616 further develop its wholesale IDD business and save costs by sharing network resources together. CITIC 1616 provides telecom services in the Asia Pacific as a telecommunications hub, including voice service, mobile short messaging services (SMS) and other value-added services (VAS), such as signaling transit, prepaid roaming and VAS applications, and data service and telecom solutions to telecom carriers, mobile operators and Internet service providers (ISP). Meanwhile, it offers telecoms hubbing services to telecoms operators, which principally engage in the provision of fixed line and hybrid telecoms services.

### *Mobile/Wireless*

- **China is expected to maintain momentum in both production and marketing of mobile phones in the remaining of this year, according to CCID Consulting, a major IT industry consulting company.** The company predicted that China would produce 605 million cell phones for the whole of 2008, a growth of 16.9 percent over last year, and sell 205 million at home, up 17.55 percent. The foreign sales would amount to 400 million units, up 16.8 percent. From January and June, 279 million cell phones were produced nationwide, up 21.2 percent on the same period of last year, and 96.4 million were sold, up 17.5 percent. Exports totaled 182 million units, up 22.7 percent. Nokia, Samsung and Motorola claimed nearly two thirds of the Chinese cell phone market, with the Finnish company Nokia taking a 41.0 percent share.

### *Telecommunications*

- **China Netcom Group, the parent of Hong Kong-listed China Netcom, said it plans to issue 5 billion yuan (US\$530.6 million) worth of 5-year fixed-rate bonds on the interbank market on Sept 3.** The group said the yield will be set between 5.29 percent to 5.79 percent, while the final yield will be determined via book-building. Proceeds will be invested in fixed-line network building and upgrades. China International Capital Corp will be the main underwriter of the issue.
- **A huge equipment demand by telecom operators will appear in the rest of the year upon telecom industrial restructuring in China.** The surging demand will exert a favorable influence on



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the performance of listed telecom equipment companies. Telecom operators will first concentrate on network development, from which telecom equipment enterprise will be able to benefit directly. Deng Yongkang, a security researcher in Shanghai, predicated that the fixed asset investment in the telecom industry would rise 21 percent on year to 277 billion yuan (US\$40.5 billion) in 2008. However, Deng warned that the gross profit margin of equipment manufacturers would keep decreasing, as operators weakened equipment manufacturers' bargaining capability by centralized purchase and the prices of raw materials kept rising. Only large-scale leading enterprises that had formed complete industry chain and whose equipments could meet different technique standards would be able to seize the chance.

- **China's fixed-line carriers China Telecom and China Netcom reported further loss of fixed-line users in July.** Subscribers of China Telecom's fixed-phone service subsided 60,000 to 214.3 million by end-July, and that of the company's broadband service rose 810,000 to 40.8 million. China Netcom lost 302,000 users in its fixed-line service, but enrolled 625,000 new broadband subscribers in July.
- **China Telecom is planning to raise up to 50 billion yuan (US\$7.3 billion) via a corporate bond offering, sources reported.** This is the first financing program launched after it acquired China Unicom's code-division multiple access (CDMA) mobile-phone operations. Industry insiders familiar with the situation indicate the move is to fund the company's CDMA deal with China Unicom, which involves total investment of RMB 110 billion. Reportedly, China Telecom has decided to enlarge the fundraising size to 80 billion yuan (US\$11.9 billion) but subject to shareholders' approval.
- **Investors have been fleeing China's state-owned telecommunications giants since an industry-wide restructuring was unveiled in May.** The long-awaited restructuring combined six Chinese carriers, with differing business and geographic segments, into three nationwide carriers that provide fixed-line and wireless service. China Telecom, which had been the biggest of two fixed-line carriers, acquired a wireless network as part of the deal, and some analysts say it is the best bet of the trio of telecom companies for investors looking to take advantage of the sector-wide drop in stock prices.
- **Market sources said that China Mobile Communications Corporation (CMCC), the parent company of China Mobile, has recently fixed 28 cities for the second round of its TD-SCDMA (TD) network construction.** Shanghai Securities News reported that the cities are Shijiazhuang, Taiyuan, Hohhot, Changchun, Harbin, Nanjing, Hangzhou, Hefei, Fuzhou, Ji'nan, Zhengzhou, Wuhan, Changsha, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Lhasa, Xi'an, Lanzhou, Xining, Yinchuan, Urumqi, Ningbo, and Dalian. Industrial experts estimate that the total investment for this round of network construction will be more than 30 billion yuan (US\$4.4 billion), with 18.3 billion yuan (US\$3 billion) for base stations, 2.611 billion yuan (US\$382 million) for core network, 2.089 billion yuan (US\$305 million) for transmission network, 1.8 billion yuan (US\$267 million) for backup network, and 1.3 billion yuan (US\$191 million) for service network. A total of 26,762 base stations may be built in these cities.

## *Semiconductor*

- **Zhejiang Quartz Crystal Optoelectronic Technology Co. Ltd., a China-based photoelectric parts manufacturer, plans to issue 16.70 million A-shares through its planned initial public offering (IPO) in Shenzhen, as per industry sources.** The Zhejiang-headquartered thin-film optics producer plans to sell the new shares at the par value of 1 yuan (US\$1.5) per share, accounting for 25 percent of its enlarged equity. ZQCOT, with a registered capital of 50 million yuan (US\$7.3 million), plans to raise 213.2 million yuan (US\$31.2 million) through the IPO to fund its investment in technology innovation as well as future business expansion. Domestic brokerage Industrial Securities Co. Ltd was hired to underwrite the share offering.



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## Taiwan

### *Telecommunications*

- **Chunghwa Telecom Co Ltd**, Taiwan's largest phone company, said it has no comment on a report it may join a foreign bid to acquire 45 percent of **HKT Group Holdings**, the company set up to hold the core media and telecom assets of Hong Kong's **PCCW Ltd**. Chunghwa Tel was considering acquiring up to 5 percent of HKT for about NT\$3 billion (US\$94 million). Chunghwa was invited to become part of a bid led by an unidentified foreign investor. The paper said the 45 percent interest in HKT Group could be worth as much as US\$2.6 billion.

## Hong Kong

### *Telecommunications*

- **Bain Capital LLC** and **Carlyle Group L.P.** are among the seven private equity funds shortlisted for the sale of a 45 percent stake in **PCCW Ltd.**'s new media and telecommunications unit valued around **US\$1.5 billion**. The paper quoted the sources as saying that Apax Partners, Macquarie Group, TPG., Providence Equity Partners and MBK Partners have also been shortlisted and have started due diligence on HKT Group Holdings Ltd.. The finalists will pair up and make final bids in September, before PCCW chooses a preferred bidder in October.
- **CCT Telecom Holdings** is expected to experience a very substantial loss for the 6 months ended **30 June 2008**. The loss is mainly due to the decrease in its turnover and gross margin from the telecom and electronic products business because of keen competition and weakening customers demand as affected by the slowdown in the US economy; the increase in production costs of the manufacturing business owing to the appreciation of the Chinese yuan and the increase in overall material costs, labor costs and overheads; and the substantial unrealized fair value losses from investment in the listed equity securities and financial instruments of its securities business.
- **PCCW Ltd** said it plans to invest in Indonesian pay-TV operator **Telkomvision**. It said it has entered into a memorandum of understanding with **Telkomvision**, the pay-TV unit of Indonesia's dominant fixed-line operator **Telkom**. The company did not reveal the size of its potential investment and the stake it may take in the Indonesian firm. PCCW will participate in Telkomvision's operational management should the investment plan push through.

## Singapore/Malaysia/Philippines/Indonesia/India/Australia

### *Telecommunications*

- **Telefon AB L.M.** Ericsson expects Vietnam's booming telecom market to remain resilient despite double digit inflation caused by rising food and energy prices. Sweden-based Ericsson is the largest telecom equipment supplier to Vietnam, a country with a population of 87 million. After 15 years of business in the country, it has about 50 percent of the mobile infrastructure market - the honeycomb of masts, or base stations used to send and receive call and data signals to customers. Ahman pointed to Vietnam's strong first-half GDP growth, at 6.5 percent one of the fastest growing in the Asia-Pacific region, driven by strong manufacturing and large-scale foreign investment.
- **Ericsson and Hanoi Telecom** signed largest network modernization contract in Vietnam including full-scope managed services. Ericsson has signed the largest single contract in Vietnam, amounting to US\$450 million, to develop and modernize Hanoi Telecom's nationwide mobile

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network. The strategic partnership, a first in Vietnam, will also see Ericsson managing and operating the network under a full-scope managed services contract. Under the three-year managed services agreement, Ericsson will be responsible for the management, operation and network design of Hanoi Telecom's mobile network, including field operations and support services. Ericsson will also provide a comprehensive range of professional services, such as network deployment and systems integration. Ericsson will be responsible for the nationwide migration of Hanoi Telecom's network from CDMA to GSM/EDGE technology, supplying radio access network equipment, optical and microwave transmission, and will be the sole supplier of the all-IP circuit and packet core network.

- **T-Systems, the enterprise customer unit of Germany's Deutsche Telekom, sees its business in the Asia Pacific growing between 30-50 percent despite the challenging economic environment.** Its Singapore and Malaysia chief executive officer, Thomas Jakob said the Asia Pacific markets would shield the company's operations from a slowdown as companies globally were looking at opportunities for cost structure by venturing into lower cost destinations in Asia. T-Systems had also seen a growing demand for international telecommunication services from multinational corporations as they expanded into new regions. As the Malaysian market was growing faster than others in the region, Jakob said it would be the focus of the company's expansion in the Asia Pacific. The company is looking for suitable buildings in Malaysia to facilitate its operations.
- **Malaysian mobile phone firm TM International reported a 38 percent fall in second-quarter net profit, partly due to higher interest costs after it took out a new loan.** TM International, which was listed as a separate company earlier this year after state-controlled Telekom Malaysia spun off the mobile phone unit, said it earned 367 million ringgit (US\$108.3 million) in the three months to June 30. The firm said it had earned 588 million ringgit (US\$570.7 million) in the corresponding period last year on a proforma basis. Falls in after-tax profit in the quarter were heightened by one-off gains made in the corresponding quarter last year, which includes 194 million ringgit (US\$56.3 million) arising from disposal of shares in its Sri Lankan unit Dialog and 18 million ringgits (US\$5.22 million) from the dilution of shares in India's Spice Telecom.
- **Motorola recently announced that the company has signed a cooperation agreement with REDtone, a Malaysia-based telecommunications service provider, Nikkei Electronics Asia reported.** As per the agreement, Motorola will help REDtone deploy the first WiMAX broadband network in East Malaysia. Deliverables include WiMAX 2.3GHz equipment and CPE (Customer Premises Equipment). The first phase of the WiMAX network construction will cover the business district of Kota Kinabalu, the capital of Sabah, catering to the small- and medium-sized enterprises' demand for high-speed Internet access and data applications. REDtone currently holds a 2.3GHz WiMAX license issued by the government for Sabah and Sarawak. The company plans to deliver WiMAX services to the general public later on through collaboration with service operators in Sabah and Sarawak.
- **Packet One Networks (PI), a Malaysia-based WiMAX converged telecommunications company, has officially launched its WiMAX services, branded as P1 WiMAX.** P1 introduced two promotional packages to meet consumer and business needs. The promotion runs from August 20, 2008, to September 30, 2008.
- **HT Mobile, a Vietnamese joint venture led by Hong Kong's Hutchison Telecommunications, has signed contracts worth US\$600 million to acquire equipment for 500 transmission stations.** HT Mobile will buy equipment valued at US\$400 million from Ericsson and US\$200 million from Huawei to develop its e-GSM mobile network for launch in Vietnam from 2009, said the official.

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HT Mobile completed its switch from CDMA technology to GSM in June this year. Chairman Trinh Ngoc Lang of Hanoi Telecom, which is the local partner for Hutchison Telecommunications in the joint venture, was cited by state media as saying that HT Mobile will build the country's most modern mobile network which will be inaugurated in Vietnam early 2009.

- **PT Indosat Tbk , reported a 24.9 percent rise in its first-half net profit, outperforming the earnings of its bigger rival Telkom over the period.** Indosat, which signed up 7.9 million new mobile phone users in the first half, close to its 8 million target, revised up its full year target for new users to 12 million. The firm, which is around 40 percent owned by Qatar Telecom, said net profit for the January-June period was 1.06 trillion rupiah (US\$115.8 million) compared to a revised figure of 845.1 billion rupiah for the previous year. The result was in contrast to the country's top telecommunications firm, PT Telekomunikasi Indonesia Tbk (Telkom), which reported a 5 percent fall in its first-half net profit, as a result of higher costs and a sharp fall in revenue per user.
- **Shareholders of Indonesia's second-largest mobile phone firm, PT Indosat Tbk , approved the appointment of two executives from Qatar Telecommunications (QTel) to its board.** The change in Indosat's board of commissioners came after Qtel bought the entire stake held by Singapore Technologies Telemedia in Indosat in June, gaining a 40.8 percent stake in the mobile phone operator. Indosat had appointed Qtel's chairman, Sheikh Abdullah Al Thani, as chief commissioner and Qtel's chief executive officer, Nasser Marafih, as commissioner. Under Indonesian regulations, the board of commissioners are tasked with overseeing the board of directors. Indosat has 10 members on its board of commissioners. Qtel had said earlier this month that it had not requested to replace any directors at the Indonesian firm.
- **Bakrie Telecom is looking to buy a 51 percent stake in CDMA-based telecoms operator PT Mobile-8 Telecom from PT Global Mediacom, Dow Jones reports.** Bakrie Telecom and Global Mediacom, formerly known as PT Bimantara Citra, are currently in negotiations. The two companies are also weighing an option to merge Bakrie Telecom with Mobile-8, which would create a company with assets worth 12.6 trillion rupiah (US\$1.4 billion).

## *Software*

- **Openet, a provider of Transactional Intelligence solutions, announces the opening of its Malaysia office, located in Kuala Lumpur.** After conducting a worldwide review of prospective office locations, Kuala Lumpur was chosen because it delivered the largest pool of qualified talent. Since recruitment began for the facility in February, Openet has hired 15 experienced professional services engineers to support the Company's expanding operations.

## *Media, Entertainment and Gaming*

- **Bernama TV will launch Southeast Asia's first live-feed Internet news channel on Sept 3 to cater to the growing demands of a more IT-savvy and news-hungry populace.** Expected to be launched by Prime Minister Datuk Seri Abdullah Ahmad Badawi, the Internet news feed would only be between two to three minutes delay in comparison to the Bernama TV news on Astro Channel 502. The news agency's latest product expansion is to meet and cater to the greater demand by Malaysians in the country as well as abroad, especially among the youth. During the debate between Information Minister Datuk Ahmad Shabery Cheek and Datuk Seri Anwar Ibrahim, people in 44 countries had hacked into the Bernama server to watch the debate. As for security measures against future hackers who might be tempted to tamper with the Bernama news feed, both Annuar and Suhaimi said that they would look into developing a better security system to mitigate such risks.

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## *Technology*

- **E-pay Asia Ltd. said its first-half net profit rose sharply as revenues fell on the back of the closure of its Indonesian operations and a change in its software sales strategy.** In a separate release, the company said it plans to cancel its AIM listing from Sept. 30, while maintaining its listing on the Australian Securities Exchange. On its results, the company said its first-half net profit jumped about 220 percent to 355,000 pounds while revenue dipped 38.7 percent to 4.80 million pounds. The company said if the inflationary pressures in Malaysia continued, it may affect its second half performance, although does not expect this to be significant.

## *Mobile/ Wireless*

- **An executive of leading mobile phone manufacturer Nokia has projected a ten percent growth in sales by the end of this year as the company noted a shift in Filipino buyers' preference to less pricey mobile phones.** Nokia Philippines general manager William Hamilton-Whyte said those who bought Nokia's high-end models are now buying middle-end units instead. While Nokia gets much more than half of the market share in the country, he said the company is facing several challenges, like the emergence of second-hand and refurbished models and mobile phones belonging to the so-called gray market, which are units that are genuine Nokia but are not meant to be distributed in the Philippines. Phones in the gray market are not supported by Nokia Philippines so having them repaired later on may be more costly than those covered by warranty.

## **United States/Canada**

### *Media, Entertainment and Gaming*

- **The number of people in the U.S. who view television broadcasts via the Internet has doubled since 2006.** Nearly one-fifth of people (19 percent) use the Internet to watch TV broadcasts, up from just under 10 percent two years ago. The data come from the Conference Board's most recent quarterly survey of some 10,000 U.S. homes. More than two-thirds of the respondents who watch TV online (68 percent) stream the content, and 38 percent use free downloads. Very few respondents said they paid for downloads (2 percent) or subscribed to paid TV or video services (2 percent). More than half of the online TV viewers (55 percent) said they turned to the Internet so they can watch shows on their own schedules. Another 28 percent used the Internet to avoid commercials.

### *Hardware*

- **Customers of Cisco Systems said improved demand for the company's Internet routers and switches from the U.S. financial-services industry in the past several weeks are a positive sign, but it's too soon to determine if the trend will last.** Cisco currently sees a growing number of expansion opportunities worldwide, both in established and emerging markets, and small, privately owned technology companies as are preferred as potential acquisitions.

### *Internet*

- **Google plans to introduce its own Web browser, the latest twist in its battle with Microsoft Corp. over key Internet technologies.** Google indicated that a version of the software, called Chrome, would be available for download. The software is designed to make it faster to browse the Web and easier to run applications without downloading software to a computer. The product will be offered on an open-source basis, meaning others can modify the software code.

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- **Yahoo announced the renewal of a distribution deal with Verizon Communications Inc., one of many partnerships the Internet company hopes will draw more eyeballs to Yahoo properties and help sell more Internet advertising to jump-start growth.** Under the deal, users who sign up for high-speed Internet service with Verizon will be able to select a start page of a cobranded Verizon-Yahoo home screen, or "portal," that features Yahoo's search, email and instant-messaging products. Users can also choose to use services from Microsoft Corp. or Time Warner Inc.'s AOL. But Yahoo will be the first option on the list under the new agreement. Verizon said Yahoo earned the top position, previously held by Microsoft, based on the revenue it generated and shared with Verizon.

## *Telecommunications*

- **Ciena Corp. warned of weaker orders for telecommunications gear in the coming quarters, sparking fear of broader weakness in technology.** Telecommunications equipment was seen as somewhat insulated from the broader economic weakness because of continued demand on communications services. But Ciena's warning, coupled with a number of somber comments from other vendors in the last several weeks, indicates the problems may be broader and longer lasting than previously thought. Ciena President and Chief Executive Gary Smith warned the downturn in spending could last into next year.
- **CallWave Inc. plans to cut its overall workforce by approximately 17 percent.** The company also plans to consolidate certain facilities and estimates the total cost of the restructuring will be approximately US\$600,000 to US\$800,000. The company is realigning its operation to better address its strategic business focus.

## **Europe**

### *Mobile/ Wireless*

- **Former BT chief executive Ben Verwaayen will return to his old stomping ground when he joins Alcatel-Lucent as its new CEO on 1 October.** Verwaayen's appointment comes alongside that of business professional Philippe Camus, who will take up the post of non-executive chairman of the board. The pair will replace outgoing CEO and chairman Patricia Russo and Serge Tchuruk, who both resigned in July following the latest in a series of dismal quarterly results announcements from the troubled vendor. Alcatel-Lucent began operations as a combined entity in late 2006 and has since turned in quarter after quarter of weak results and issued a number of profit warnings. The axe has been threatening to fall on Russo almost from the moment she took control.
- **Nokia Corp. will launch the first handset with its Comes With Music service through the U.K.'s Carphone Warehouse PLC, some time in the fourth quarter.** Carphone Warehouse will be the exclusive U.K. pre-pay channel to sell the 5310 XpressMusic handset, which will give users unlimited access to the three million digital rights management, or DRM-protected tracks available through the Nokia Music Store.

### *Internet*

- **Spatial Technology of Sweden has extended its presence in the UK with the launch of Spatial Technology (UK).** The company already has a number of U.K. local authorities as customers and a key emergency service. Its ISM is used extensively by Local Government and utilities in Scandinavia, enterprise development zones in China and a number of U.K. local authorities. ISM provides



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organisations with a simple to use system for the administration of geographical and other data file structures connecting disparate systems and their data in one commonly accessed data warehouse.

## *Telecommunications*

- **Telecom Italia SpA is confident that a solution to a dispute with the Bolivian government over the nationalization of former subsidiary Entel will be reached in early 2009.** Telecom Italia's head of Domestic Market Operations and International Affairs Oscar Cicchetti expects an arbitration court to be appointed by the end of September to decide on Telecom Italia's request for compensation. ETI, a Dutch company indirectly controlled by Telecom Italia, invested over US\$600 million in the privatization of Entel Bolivia in 1995.
- **Telefonica SA will look at Promotora de Informaciones SA's satellite pay TV division Digital+, according to the company's Chief Operating Officer Julio Linares.** Analysts say Digital+ could fetch as much as 3.5 billion euros (US\$5 billion). Besides Digital+, Prisa's assets include leading daily El Pais, TV station Cuatro, radio networks in Spain, Portugal, Latin America and the U.S. and publishing companies in the music and educational sectors. Telefonica is Spain's largest telecommunications company by market value and subscribers.
- **Telecommunications companies in Spain will have to adjust Internet speeds to match those they advertise.** In Spain, most Internet providers advertise download speeds of up to 20 megabits/second, but rarely reach these levels. In Spain Telefonica SA, Vodafone PLC, France Telecom's Orange and Jazztel PLC provide high speed Internet over traditional telephone lines. The Spanish government would unveil before the end of the year the details of the Industry Ministry's strategy for technology and telecommunications until 2012. Sebastian didn't provide further information or financial details, but during the last legislative period, the Spanish government invested EUR5 billion in a similar plan between 2005 and 2008.
- **Telefonica should share local fibre-optic network, according to Vodafone. Vodafone is asserting that the country's telecommunications regulator should force Telefonica SA to share the lines of a high-speed fiber-optic network it is rolling out in Spain.** An operator needs a market share of at least 40 percent to justify its own fiber roll out. Telefonica has a 64 percent market share of traditional telephone line Internet subscribers, while Vodafone's recently acquired operator has a 3 percent market share. Cable operator Ono and France Telecom's Orange each have roughly a 10 percent share, and the rest is divided among smaller operators.
- **Telefonica SA has 150 million customers in Latin America. Telefonica had previously expected to reach 150 million customers at the end of 2009, but strong growth in the region has pushed the date forward.** Latin America's high-growth markets have become Telefonica's main engine for expansion as its core Spanish and European markets mature. The company's home Spanish market is also under pressure from tighter regulatory conditions and a slowdown in consumer spending.
- **Vivendi SA reported a 12 percent rise in second-quarter net profit and outlined synergy targets for its recently bulked up French telecom operations.** Vivendi's SFR, the second largest French mobile operator by revenue, aims to reap between 250 million euros (US\$357 million) and 300 million euros (US\$428 million) a year in cash synergies in 2011 from the acquisition of fixed-line and broadband operator Neuf Cegetel. By buying Neuf, SFR gave itself more clout to better compete with incumbent France Telecom SA and hastened the consolidation of the French telecom sector, which is now grouped around five main players.

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- **Empresa de Telecomunicaciones de Bogota SA is seeking US\$300 million in international and local loans to cover its pension-fund liabilities.** ETB will use the loans to cover its pension liabilities, which for its 4,057 workers reached 1.12 trillion Colombian pesos (US\$565 million) as of Aug. 31. Of that, the company has already secured funding for COP715 billion. The loans replace ETB's plan to sell US\$300 million in overseas bonds. ETB was expected to carry out an international bond sale in late September 2007, but international market volatility forced the company to postpone the bond sale until December of last year.
- **Vodafone announced it is to begin selling a mobile broadband-enabled mini laptop made by PC maker Dell.** Called the Inspiron Mini 9, Vodafone said the computer, which contains a built-in Webcam, will go on sale in late September in a number of key European markets. However, the operator didn't provide details on the countries in which the laptop will go on sale, or how much it will cost consumers. The GSMA reported in August that the number of HSPA mobile broadband subscriptions has topped 50 million worldwide, up from 11 million a year earlier. The industry body also said that the number of available products on the market that are embedded with HSPA connectivity – including USB dongles, modems, laptops and mobile phones – has reached 740.

## *Information Technology*

- **Telecity Group PLC hopes the company's valuation will triple over the next five years.** Telecity posted a massive rise in first-half net profit to 9.4 million pounds (US\$16.6 million) compared with a loss of 3.549 million pounds (US\$6.3 million) for the same period last year, and said that trading in the company was strong. Changes in information technology usage and the growth of broadband media services has hiked demand for data storage and Telecity's services.

## **Middle East/South Africa/South America**

### *Telecommunications*

- **Orascom Telecom Holding (OTH), said its first half net profit declined 72 percent to US\$276 million from US\$995 million in the same period the previous year.** The sharp drop was due to a non-recurring gain of US\$708 million recorded in the first half of 2007 resulting from Hutchison Telecom's share of the profit from the sale of its Indian subsidiary recorded during that period. Excluding the non-recurring gain, net profit is down only 4 percent.
- **Guinea will seek a new partner for its state telecommunications company Sotelgui after Telekom Malaysia gave up its 60 percent stake in the West African operator.** Telekom Malaysia paid US\$45 million for the stake in fixed line and mobile phone operator Societe des Telecommunications de Guinee S.A. (Sotelgui) in 1995 but reached a final agreement with the Guinean government this month to relinquish its share. Kamara said the negotiations with Telekom Malaysia leading to it ceding its stake had been "bitter and long". The Malaysian company reported earlier this month it had booked an 82 million ringgit (US\$21.6 million) foreign exchange loss after relinquishing its entire Sotelgui stake, but said this had no impact on its cash flow. Sotelgui has a monopoly on fixed phone lines in Guinea, but faces intense competition in the mobile phone sector, which has seen the entry of several private operators, including France Telecom unit Orange and Areeba, part of South Africa's MTN group .



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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/5/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	107.6800	-1.0%	-1.0%	-4.3%	-9.6%
Hong Kong dollar	HK\$/ US\$	7.8060	0.03%	0.03%	0.01%	0.4%
Chinese renmenbi	RMB/ US\$	6.8422	-0.1%	-0.1%	-6.3%	-12.3%
Singapore dollar	S\$/ US\$	1.4346	1.3%	1.3%	-0.7%	-6.7%
South Korean won	KRW/ US\$	1,117.3000	2.6%	2.6%	19.4%	20.1%
New Taiwan dollar	NT\$/ US\$	31.8200	0.9%	0.9%	-2.1%	-2.4%
Australian dollar	US\$/A\$	0.8155	-5.0%	-5.0%	-6.8%	3.4%
New Zealand dollar	US\$/NZ\$	0.6685	-4.6%	-4.6%	-13.6%	-5.0%
Philippine peso	PHP/ US\$	46.7300	1.6%	1.6%	13.4%	-4.7%
Euro	US\$/€	1.4269	-2.7%	-2.7%	-3.0%	8.1%
British pound	US\$/£	1.7658	-3.0%	-3.0%	-11.4%	-9.9%

## Fixed Income Prices and Yields

Note	Currency	Current (on 9/5/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	103.45	4.29%	101.98	4.38%	99.29	4.54%
Japan 30-year	¥	104.28	2.26%	103.76	2.29%	103.39	2.31%
Hong Kong 10-year	HK\$	105.82	2.90%	104.89	3.00%	101.22	3.44%
China (06/16)	US\$	101.99	4.39%	101.99	4.39%	109.06	3.38%
Singapore 10-year	S\$	108.07	3.06%	106.95	3.18%	107	3.18%
South Korea 20-year	KRW	9,778.74	5.93%	9,767.72	5.93%	9,966.21	5.73%
Australia 15-year	A\$	101.09	5.63%	99.89	5.76%	98.38	5.93%
New Zealand (12/17)	NZ\$	99.36	6.09%	99.15	6.12%	98.52	6.21%
Philippines 20-year	PHP	94.90	9.19%	87.03	10.17%	85.49	10.17%
India 30-year	INR	91.16	9.22%	86.54	9.74%	86.38	9.76%
UK 30-year	£	106.69	4.35%	105.90	4.40%	104.84	4.46%
Germany 30-year	€	95.43	4.53%	95.21	4.54%	92.94	4.69%

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