

IRG WMR



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

Week of 20 October - 26 October, 2008

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

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Equity Market Indicators					
Index	Closing Level (10/24/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
S&P 500	876.77	-6.8%	-24.8%	-40.3%	-38.2%
Dow Jones Industrial Avg.	8,378.95	-5.3%	-22.8%	-36.8%	-32.8%
Dow Jones Tech. Index	249.90	-9.8%	-25.4%	-45.6%	-39.4%
Dow Jones Telecom. Index	168.66	-10.5%	-22.6%	-46.2%	-35.2%
NASDAQ Composite	1,552.03	-9.3%	-25.8%	-41.5%	-35.7%
The Street.com Net	171.89	-8.8%	-26.3%	-39.0%	-30.5%
Japan Nikkei 225	7,649.08	-12.0%	-32.1%	-50.0%	-55.6%
JASDAQ	41.88	-4.5%	-20.0%	-42.0%	-51.4%
Japan Mothers	296.79	-4.5%	-26.3%	-62.1%	-73.3%
Korea KOSPI Composite	938.75	-20.5%	-35.2%	-50.5%	-34.6%
Korea Kosdaq	276.68	-21.4%	-37.2%	-60.7%	-54.4%
Taiwan Stock Exchange	4,579.62	-7.7%	-19.9%	-46.2%	-41.5%
Singapore Straight Times	1,600.28	-14.8%	-32.2%	-53.8%	-46.4%
Hong Kong Hang Seng	12,618.38	-13.3%	-30.0%	-54.6%	-36.8%
Hong Kong GEM	381.51	-16.5%	-30.9%	-71.7%	-68.8%
China Shanghai (A-Share)	1,932.37	-4.7%	-19.8%	-65.0%	-31.4%
China Shenzhen (A-Share)	531.72	0.3%	-17.6%	-65.0%	-6.6%
China Shanghai (B-Share)	99.94	-4.1%	-24.7%	-72.7%	-23.2%
China Shenzhen (B-Share)	245.02	-3.3%	-21.3%	-65.5%	-43.5%

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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
10/20/08	LG Powercomm	Telecom	US\$99	Broadband provider	N/A	N/A

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

Japan

Hardware

- **Sumco Corp. slashed its annual outlook sharply, becoming one of the latest chip-related companies to be affected by a slowing economy.** Cooling consumer sentiment ahead of the holiday shopping season has prompted makers of PCs, flat TVs and mobile phones to keep their inventories light, trimming demand for microchips. Sumco said its business environment was rapidly deteriorating as the financial market turmoil hits the real economy. Silicon wafers are used to make microchips. Sumco now expects its operating profit to total 65 billion yen (US\$637 million) in the year ending January 31, 2009. Sumco also lowered its net profit forecast by 45 percent to 32 billion yen (US\$340 million) for the current business year.
- **NEC Corp cut its annual operating profit forecast by 29 percent, hit by sluggish mobile phone sales and rapidly deteriorating demand for microchips.** A drop in business investments by domestic mobile phone operators also hurt sales of its wireless base stations and other cellphone infrastructure-related equipment. A revision had been expected after its semiconductor unit NEC Electronics Corp. slashed its full-year operating profit forecast by 90 percent, citing inventory adjustments at customers and slower orders. NEC now expects operating profit to come in at 120 billion yen (US\$1.2 billion) in the year to March, down from 156.8 billion yen (US\$2 billion) a year earlier. Cellphone demand in Japan has slowed sharply this year as wireless operators cut sales incentives paid to retailers to keep handset prices low. Other makers have suffered too, with Sharp Corp. reducing its annual operating profit forecast by one-third earlier this month.
- **Asus Japan will release its first Eee notebook computer with a built-in hard drive, aiming to differentiate itself from the competition by broadening its lineup.** The Eee 1000H-X will have a 160-gigabyte hard drive, largest among the so-called 50,000 yen (US\$500) class of PCs. It will also have a 10-inch display, larger than earlier models. The computer will be powered by Intel's Atom power-saving CPU and will come with the Windows XP operating system. Weighing about 1.45kg, the computer will be able to run on battery power for around 6.9 hours. It will be available in white or black and is expected to sell for about 59,800 yen (US\$596).
- **Japanese copier and printer maker Ricoh Co gained permission from EU competition authorities to buy U.S. office equipment distributor Ikon Office Solutions.** An examination by the European Commission of the US\$1.62 billion deal, which could be a blow to rival Canon Inc, found overlaps in wholesale distribution of office gear and potential problems for the manufacture of black and white photocopiers. The Commission's investigation also showed that no competitors of Ricoh are dependent on Ikon's distribution.

Media, Entertainment and Gaming

- **Sony Computer Entertainment Inc. will delay the launch of its latest game software for the PlayStation 3 game console as it has learned that the soundtrack features some phrases from the Koran.** Sony is recalling the action game called LittleBigPlanet, which is expected to be a hit, so it can try to modify the parts using words from Islam's most holy text. Although it was planned for the game software to hit shelves in the U.S. and in Europe, the launch will be postponed for seven to 10 days. In Japan, the new game will be released in October as originally planned. The game was developed by British game software maker Media Molecule.

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Semiconductors

- **Tokyo Electron will likely post an 82 percent fall in its annual operating profit, sharply below its own forecast due to weak orders for its machines to make chips.** Tokyo Electron's operating profit is expected to total around 30 billion yen (US\$298.9 million) in the year to March, against the company's projection of 51 billion yen that it revised down in August. The average of predictions by 15 analysts is a profit of 37 billion yen. Semiconductor makers have been putting off investments as they cope with plunging prices of dynamic random-access memory (DRAM), used mainly in personal computers, and NAND flash memory, used mainly in digital music players and cameras. Tokyo Electron's annual sales are likely to drop 36 percent to some 580 billion yen (US\$6.2 billion), below its forecast of 630 billion yen (US\$7 billion).

Telecommunications

- **KDDI Corp. said its group net profit rose 3.7 percent from a year before to 151.1 billion yen in the April-September period despite an overall slump in sales of mobile handsets.** For the first half of the fiscal year until March, KDDI, the operator of the "au" brand service, said its group operating revenue inched up 0.8 percent to 1.8 trillion yen (US\$20.5 billion). Its operating profit climbed 5.3 percent to 262.9 billion yen (US\$3 billion) while its pretax profit also increased 3.9 percent to 262.2 billion yen (US\$3 billion). Following the adoption of a two-year installment plan over the summer, Japan's sales of mobile handsets have been hit by higher prices in exchange for lower-priced calls. KDDI has fallen behind rivals Softbank and NTT Docomo after the termination of its Tu-Ka mobile phone service in March, but its profits have grown thanks to lower handset subsidies paid to retailers.

Information Technology

- **NTT Data Corp. has purchased a majority interest in Czech systems company Sapcon in a step toward expanding its business into Eastern Europe.** Sapcon specializes in the installation of ERP (enterprise resource planning) systems made by SAP AG of Germany. Established in 2005, it has a staff of about 40 sales of roughly 400 million yen (US\$4.6 million) in 2007. NTT Data acquired a 51 percent stake in Sapcon for an undisclosed sum through its German subsidiary intelligence AG. NTT Data had purchased intelligence and another German information technology company, Cirquent GmbH, to strengthen its operations in Western Europe. NTT Data will use Sapcon to win more orders for systems from corporations in the energy and communications fields that are moving into the Czech Republic.

Korea

Telecommunications

- **South Korea's major broadband operators agreed to guarantee faster internet connectivity to customers after a quality report showed that their subscription terms offered unrealistically low minimum speed rates.** The Korea Communication Commission held a meeting with representatives of major broadband operators, including KT Corp., SK Broadband Inc. and LG Powercomm Corp., where the companies agreed to raise their currently guaranteed minimum connection speeds stipulated in their provisions. A recent quality survey by the commission showed that download speeds by the top seven companies stood at an average 75 percent of the maximum speed advertised. This is higher than the average 1-10 percent of maximum speed they must guarantee

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users under their policy stipulations, but the clause itself favours service providers and can give false impressions. The provisions will be updated to reflect the average download speed.

Semiconductors

- **Samsung SDI swung to a net profit in the July-September quarter helped by growth in its battery business and cost savings in its plasma screen unit.** Samsung SDI posted net profit of 58.7 billion won (US\$43.5 million) in the third quarter to Sept. 30, 2008, rebounding from a 103 billion won (US\$76.3 million) shortfall a year earlier and against a 49.6 billion won (US\$36.8 million) profit in the second quarter. The result beat a consensus forecast for a 43 billion won (US\$31.9 million) profit by Reuters Estimates. Samsung SDI, which sells plasma screens, rechargeable batteries and next-generation organic displays, is recovering from a tough series of quarterly losses thanks to strong demand for batteries and a restructuring plan that has seen Samsung Electronics take over management of the plasma panel business. Under the restructuring, Samsung SDI also spun off its mobile display unit, which is set to turn into a joint venture with Samsung Electronics at the end of this year.

Hardware

- **LG Electronics Inc.'s third-quarter net profit plunged 93 percent from a year earlier on hefty foreign exchange-related losses, although a strong performance in mobile phones boosted its operating profit.** However, these results give a sign that conditions for global technology firms may deteriorate amid a worldwide economic slowdown. Fourth-quarter sales growth would slow and added it will enter the low-tier handset market next year to drum up weakening demand. Profitability in the digital displays and digital media divisions, in particular, will likely worsen in the current quarter. A net profit of 24.9 billion won (US\$18.5 million) for the three months ended Sept. 30, 2008.

China

Internet

- **Baidu.com's third-quarter net income rose 91 percent to 347.9 million yuan (US\$51.2 million), boosted by strong usage during the Beijing Olympics.** Revenue rose 85 percent to 919.1 million yuan (US\$135.4 million). In July, the company forecast growth of 82 percent to 88 percent to 905 million yuan (US\$132.2 million) to 935 million yuan (US\$137 million). At that time, Baidu expected users to flock to its site during the Beijing Olympics in August to get information about the games, but warned there could be a decrease in business-related searches. Active online-marketing customers jumped 36 percent to about 194,000, and revenue per customer also grew 34 percent.

Mobile/Wireless

- **Madhouse Inc., China's mobile advertising network, announced that Nokia Growth Partners, part of Nokia's venture capital arm, has completed an investment in the company.** Madhouse managed several mobile advertising campaigns for Nokia during the past year and is working closely with Nokia as it expands its software and services initiative in China.

Telecommunications

- **China Mobile Ltd. reported its third-quarter net profit rose 26 percent from a year earlier as it continued to add subscribers, while fixed-line operator China Telecom Corp.'s net profit fell 2.2 percent in the same period due to a decline in its user base.** China Mobile posted a net profit of 27.7 billion yuan (US\$4.1 billion) for the three months. Revenue rose 14 percent. The figures were

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derived by subtracting first-half results from figures China Mobile released for the January-September. China Mobile's third-quarter net profit came in lower than the average forecast of 30 billion yuan (US\$4.4 billion). China Mobile's worse-than-expected third-quarter results are attributable to the company's recent expansion into rural markets, higher maintenance costs from several natural disasters earlier this year and campaign disruptions during the summer Olympic Games.

- **China Telecom is unlikely to compete with China Mobile in mobile business in an all-round manner and instead, the company would tap some distinctive businesses through integrating mobile resources and its fixed network.** The CDMA users only account for five percent of the total mobile business in China, in comparison with the 500 million users of China Mobile, so the company would launch some fresh businesses that neither China Mobile nor China Unicom ever tried. China Telecom has completed the merger of CDMA network and vowed to keep the CDMA business to guarantee the continuity. The telecom giant showcased its mobile brand, surfing, which is customized to individual users, at a telecom exhibition and would launch the CDMA 189 number segment for the brand in the next month. Besides, the company would take advantage of CDMA plus WLAN to improve its data processing capability amid softening voice business.
- **China's total telecom business volume reached 1.7 trillion yuan (US\$248.3 billion) and telecom business revenues added up to 610 billion yuan (US\$89.1 billion) in the first nine months, rising 23.2 percent and 8.3 percent from the period last year.** Investments in fixed-assets in the telecom industry amounted to 167 billion yuan (US\$24.4 billion), up 9.2 percent from a year ago. Fixed-line phone business continued declining while mobile telecom business kept robust growth. Revenues from mobile communications and data telecommunications leaped 15.7 percent and 39.5 percent year on year to 333.2 billion yuan (US\$49 billion) and 58.4 billion yuan (US\$8.5 billion) but revenues from fixed local phone and long-distance phone businesses fell 7.4 percent and 5.7 percent to 130.04 billion yuan (US\$19 billion) and 87.59 billion yuan (US\$13 billion), respectively accounting for 54.6 percent, 9.6 percent, 21.3 percent, and 14.4 percent of the total telecom revenues. Telecom carriers saw continuous decreases in fixed-line phone users but fast growths in mobile phone subscribers. The number of fixed-line phone users withered 12.5 million to 353 million and mobile phone users surged 76.7 million to 624 million.
- **Huawei Technologies has won contracts to build UMTS/HSPA networks for Canadian telecom operators Telus and Bell Canada.** The networks are expected to be completed in 2010. The company did not provide financial details. Bell is a wholly-owned unit of BCE Inc, Canada's largest communications company, while Telus is Canada's second largest telecom operator with 11.4 million registered users.

Taiwan

Hardware

- **Compal Electronics said its profit fell 5.6 percent in the third quarter from a year earlier, amid weakening U.S. and European demand.** A third-quarter net profit of NT\$3.5 billion (US\$106 million), compared with NT\$3.7 billion (US\$111 million) a year earlier. Analysts had been expecting the company to post a third-quarter profit of about NT\$3.4 billion (US\$101 million). Third-quarter revenue also fell about 4.6 percent to NT\$110.1 billion (US\$3.3 billion). The company expects to ship 28-29 million PCs this year, compared to a previous target of 32 million. The company shipped 22.6 million PCs last year. It also lowered its third quarter outlook, saying it expected shipments for the three months through September to increase by 15 percent from the previous three months, versus a

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previous forecast for 20 percent growth. The third-quarter profit drop was also due to a new rule that began this year requiring all firms to expense employee bonuses.

- **Asustek Computer aims to increase its notebook output by 77 percent in 2009 as it rides growing demand for its low-cost laptops.** Asustek Chairman Jonney Shih hoped his company would ship up to 20 million laptops next year in an effort to become one of the world's top four laptop makers. Based on previous forecasts, the company is on track to ship 11.3 million notebooks this year, including netbooks. Many of the world's top PC makers, including Dell, Acer and NEC, have entered the netbook market and will either launch or have launched their own line of low-cost notebooks. iSuppli expects the global notebook PC market to grow 20 percent next year to 155 million units, but it expects the netbook segment to grow more than twice as quickly, by 55 percent, to 13.2 million units.
- **Mediatek Inc. said mobile phone demand from emerging markets was, to date, shielding the company from the impact of the global financial crisis.** And while there are concerns the technology industry will be hit, Mediatek hopes developments in the third generation (3G) market will enable it to offset a possible slowdown. Mediatek is still enjoying third quarter sales that beat analysts' and its own estimates slightly, rising 26 percent over the previous quarter. Unlike computers, the mobile phone market is less affected as our major clients are from emerging markets, not the U.S. or Europe. Chinese telecom operators are spending aggressively to upgrade their mobile phone networks. It is widely expected that Beijing will hand out 3G licenses by the end of this year, a move that will surely boost handset sales.

Semiconductors

- **Nanya Technology Corp said its net loss widened in the the third quarter to September as DRAM chip prices fell further due to weak demand amid a global economic slowdown.** Parent-level net loss widened to NT\$8.8 billion (US\$263.3 million) in the third quarter from a loss of 7.3 billion posted in the second quarter ago and a loss of 1.66 billion a year earlier. Sales stood at NT\$11.5 billion (US\$344.2 million) in the three months to September, up from NT\$9.5 billion (US\$284.3 million) in the second quarter but down from NT\$13.40 billion (US\$401.1 million) posted in the third quarter of 2007. On a year-on-year basis, average selling price was down 49 percent in the third quarter. Nanya Technology expects DRAM prices in the current quarter to December to fall further from third-quarter levels due to weak demand. Prices look to decline further unless there is a structural change in the industry. Demand from PC and consumer sectors look poor in the current quarter. Shipment in bit terms in the current quarter is seen flat compared to the three months to September. A bit, or binary digit, is the smallest unit of information on a machine. Nanya's production at its 12-inch-wafer facility will be affected as the company moves to the stack-process technology.
- **Powerchip Semiconductor Corp. posted a record quarterly loss, its sixth quarterly loss, as the company struggled with a supply glut and falling chip prices.** The loss was worse than analysts had expected and Powerchip Semiconductor said its output growth and capital spending for next year would be lower than this year as it would delay construction of a new 12-inch wafer plant to 2010. The firm's forecasts signal any quick recovery in the battered DRAM market is still a long way off, given a weak global economy that is hurting corporate spending and consumer demand for new computers that require memory chips. Powerchip, which makes dynamic random access memory (DRAM) chips for PCs, made a net loss of NT\$15 billion (US\$460 million) for the July-September quarter, sharply widening from a NT\$1.9 billion loss a year ago. The loss was also wider than the second quarter's NT\$7.27 billion loss as average selling prices of Powerchip's chips on the spot market dropped by

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about a fifth in the third quarter from the second. The result compared with the latest consensus forecast for a NT\$9.81 billion loss made by Reuters Estimates. Powerchip is likely to lose NT\$11.8 billion in the last quarter of 2008.

Hong Kong

Hardware

- **Lenovo's share in the global PC market declined from 7.8 percent in Q2 to 7.3 percent in Q3.** Within the quarter, Lenovo shipped 5.9 million PCs worldwide, 500,000 units, or 9.26 percent more than in the same period last year. Weakening demand on the back of the global financial crisis has forced it to cut 50 jobs at its U.S. headquarters as part of cost saving measures. The company has no plans to cut jobs in mainland China. Lenovo currently employs 23,200 staff worldwide, of which 16,572 are based in mainland China and 1,996 in the United States. The company saw slowing sales growth in China in the second quarter of this year. Revenue of US\$1.7 billion from PC sales in mainland China for the quarter, up representing year-on-year growth of 17 percent, 12 percentage points lower than that recorded for the same period in 2007.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **PT Indonesia Satellite Corp.'s nine-month net profit rose 1.4 percent on year, as an increase in operating revenue was slashed by higher operating costs.** Net profit for the January-to-September period rose to 1.47 trillion rupiahs (US\$148 million) from 1.45 trillion rupiahs (US\$146 million) a year earlier. Total operating revenue rose 15 percent on year to 13.7 trillion rupiahs (US\$1.4 billion) from 11.9 trillion rupiahs (US\$1.2 billion) a year earlier. Revenue from its cellular services in the January-to-September period rose 12 percent to 10.2 trillion rupiahs (US\$1 billion) from 9.2 trillion rupiahs (US\$919 million) a year earlier. Operating costs rose 19 percent to 10.3 trillion rupiahs (US\$1 billion) from 8.7 trillion rupiahs (US\$872 million) in the same period of 2007. Indosat's nine-month net profit figures were below their estimates between 1.5 trillion rupiahs (US\$151 million) and 1.8 trillion rupiahs (US\$181 million).
- **Tech Mahindra Ltd. said its fiscal second-quarter net profit rose 66.5 percent on year, helped by higher productivity and as long-term deals started contributing substantially to revenue.** According to the company, the overall business environment is tough and not conducive for growth. The company gets 69 percent of its revenue from Europe and 23 percent from North America. Net profit for the July-September period totaled 3.03 billion rupees (US\$60.9 million) against 1.82 billion rupees (US\$37 million) a year earlier. Revenue for the quarter rose 30 percent to 11.65 billion rupees (US\$234.1 million) from 8.98 billion rupees (US\$180.4 million) a year ago, despite the company not adding any clients. It grew 4 percent on quarter. Infosys Technologies and Satyam Computer Services cut their annual dollar-term revenue guidance in the last two weeks due to the weakening U.S. economy.
- **Singapore Telecommunications Ltd.'s Australian unit Optus will cut 115 jobs from its Networks division as a result of restructuring.** Optus took a review of the division that has led to a reduction in headcount through contractor terminations, redundancies and canceled vacancies. The cuts will be implemented across all levels of the division including senior and middle management. The SingTel unit is poised to cut about 400 jobs at the company's office as part of a restructure. The

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announcement comes after SingTel's Chief Executive for Singapore Allen Lew said earlier this month it is cutting costs in the domestic market and trying not to replace any attrition. The company is already starting to see some impact" of the global financial crisis and deteriorating economic conditions on some parts of its Singapore business and expects another 12 to 18 months of uncertainty and a difficult economic environment.

United States/Canada

Telecommunications

- **Level 3 Communications Inc.'s cut its full-year revenue growth forecasts, but maintains that it will remain resilient during the economic downturn.** Level 3 now expects core communications revenue to rise 7.5 percent for the year, down from a previous estimate of 8 percent to 13 percent. The company was seeing delays in orders, and not outright cancellations. Still, the revised forecast reflects the challenging macro environment. Revenue rose 1 percent to US\$1.1 billion, helped by a 6 percent jump in revenue in the core communications business. Communication gross margin rose to 59.7 percent from 58 percent as costs fell slightly. There remains underlying demand in Level 3's services. Carriers, large companies and consumers will continue to need Internet access and Level 3's communications network even in the toughest times. The company has recently completed deals that cut outstanding debt by US\$179 million and annual interest costs by US\$10 million. Level 3 reiterated its confidence in being able to pay off the remaining US\$305 million of debt due in September.
- **In a move that will put significant momentum behind a sweeping proposal to change telephone rates and subsidies, AT&T Inc. is throwing its support behind a plan being circulated by Federal Communications Commission Chairman Kevin Martin.** The company will back the basic principles of Martin's plan to overhaul the multi-billion-dollar system, even though AT&T officials haven't seen the plan and know that it will create uncertainty throughout the entire industry. Martin wants to lower the rates phone carriers pay each other to transfer calls to almost nothing while at the same time allowing companies experiencing a loss from that change to raise their monthly subscriber rates by US\$1.50 for residential phone lines. Businesses could see increases several times that amount.
- **Comcast Corp. is upping the ante in the broadband war with phone companies.** The company plans to aggressively deploy super-high-speed broadband services to 10 million homes by the end of the year. Download speeds on the new services will be 50 megabits per second for the top tier, and 22 megabits per second for the second tier. The new higher speed services will cost substantially more than the services Comcast currently offers. Comcast has begun to deploy the services in Boston, Philadelphia, New Hampshire and New Jersey. Rival Verizon Communications Inc., which offers its own super high-speed FiOS service, competes in those regions. It plans to double Internet speeds for all its customers, beginning with those Eastern regions, and offer the higher speeds to all customers by the end of 2010. Comcast could finish its speed upgrades well before that, and the company plans on announcing six new major metro markets in the next few months.
- **A new networking start-up led by one of Sun Microsystems Inc.'s founders and by a former star at Cisco Systems Inc. is the latest sign of several shifts in Silicon Valley.** The closely held company, Arista Networks, will compete against Cisco and others in selling switching gear for data centers that manage Web services and other data-intensive operations, a market sometimes called cloud computing. Arista was founded by Andreas Bechtolsheim, a hardware designer at Sun who was an early investor in Google Inc. and sold start-ups to Sun and Cisco. He is giving up his full-time job

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at Sun, where he was chief architect, but remains a part-time adviser as well as chairman of Arista. Arista's chief executive is Jayshree Ullal, who left Cisco in May. Ms. Ullal led the Cisco business unit targets data-center customers.

- **Juniper Networks Inc. reported its third-quarter net income jumped 75 percent as the company's chief executive was cautiously optimistic about the near term.** The high-end networking switch maker also raised its fiscal 2008 profit guidance modestly to a range of US\$1.17 to US\$1.20 a share. Juniper also guided for fourth-quarter revenue of US\$921 billion to US\$971 billion, and non-GAAP profit of 30 cents to 33 cents a share. For the third quarter, net income of US\$148.5 million, or 27 cents a share. Excluding stock-based compensation and other items, earnings rose to 32 cents a share from 22 cents. Revenue climbed 29 percent to US\$947 million. Analysts expected earnings of 29 cents a share on revenue of US\$927 million. Gross margin jumped to 21.3 percent from 15.3 percent. Product revenue grew 26 percent, while service revenue increased 40 percent. In July, Juniper boosted its outlook for full-year earnings to US\$1.10 to US\$1.13 a share on revenue of US\$3.4 billion to US\$3.55 billion. Analysts most recently estimated US\$1.16 a share in earnings on revenue of US\$3.6 billion.

Hardware

- **Apple Inc. is getting ready for a potential recession and is confident that it has the right formula for growth.** While some of its competitors are changing business models or jumping into new, untested markets like sub-US\$500 netbooks, Apple plans to carry forward the same way it has for decades by creating and selling higher-quality, more expensive products. Apple was considered a bellwether for the effects of any spending slowdown given its heavy reliance on consumers for a bulk of its revenue.
- **Hewlett-Packard launched two new iPaq smartphones on to the market and unveiled a new strategy for the design and distribution of its handheld devices.** Co-branded versions of the new HSPA Windows Mobile 6.1-based smartphones, the HP iPaq Voice Messenger and HP iPaq Data Messenger, will be sold under an exclusive agreement with Vodafone, with shipments to take place in the U.K. in November and in other European countries thereafter. The phones will retail at 333 pounds (US\$530) including VAT for the voice messenger and 399 pounds (US\$636) for the data messenger, although Vodafone has yet to set its prices. For HP, the deal means its iPaqs will be sold in retail outlets for the first time, targeting not only the company's usual business users but also SMEs and so-called prosumers. The devices will also be sold via Vodafone's enterprise channels.

Internet

- **Yahoo still searching for turnaround plan amid ongoing weakness in Web display ad market.** A drop in third-quarter income, trimmed guidance and announced a 10 percent cut in its workforce, but the company continues to struggle to draw up a credible turnaround plan. Third quarter net income fell 64 percent amid continued weakness in the Internet display advertising market. Revenue barely grew as advertisers struggled with a weakening economy. The job cuts will affect roughly 1,500 Yahoo staff. Yahoo has struggled more than rival Google Inc. because it is much more heavily exposed to the slumping online display advertising market and it hasn't been as effective in making money from search ads. The company is rolling out a display ad targeting and delivery system, but the platform is not expected to have a significant financial impact until late 2009 at the earliest. Concerns over Yahoo's future have cut its stock price in half since the beginning of the year. Yahoo's net income is US\$54.3 million. Total revenue increased 1.1 percent to US\$1.79 billion. Revenue excluding traffic-acquisition costs climbed 3 percent to US\$1.33 million.

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- **Yahoo! Inc. is saving up cash for potential acquisitions, fueling speculation that an agreement to buy Time Warner Inc.'s AOL unit is close.** The company has discussed a transaction with Time Warner since April, and the latest remarks signal that a deal may be imminent. A merger with AOL would boost Yahoo's share of the online advertising market, helping it pull closer to leader Google Inc. and widen its advantage over former suitor Microsoft Corp. Still, AOL focuses on display ads, such as Web banners, which are less lucrative than search-engine links. A 64 percent drop in profit last quarter in Yahoo, The company plans to cut at least 10 percent of its workforce, part of a bid to save US\$400 million a year. The move would eliminate at least 1,500 workers.
- **Google is depending on hedging against fluctuations in exchange rates to prevent international profits from Web search ads and YouTube videos from evaporating.** The owner of the most popular Internet search engine used hedging to net a US\$34 million gain that helped offset potential negative effects to third-quarter revenue resulting from the dollar's 20 percent rebound from a record low against an index including the euro and pound. The dollar's 2.5 year slide had been a boon to Google, which in the first quarter began drawing more than half its revenue from outside the U.S. boosted foreign-exchange hedging this year as the dollar rallied and the global credit crisis led to increased currency swings. The percentage of 2009 foreign income hedged by U.S. corporations rose to 55 percent in September, from 33 percent in June and 6.7 percent in April. The September share was the highest since the bank began the quarterly canvass in 2005.

Semiconductors

- **SanDisk Corp. announced that the planned takeover by South Korea's Samsung Electronics Co. for US\$5.9 billion is cancelled.** The move may increase pressure for SanDisk Chief Executive Officer Eli Harari to boost shareholder returns after the stock fell 56 percent this year. Samsung walked away from what would have been the company's biggest acquisition and the chance to widen its lead over Toshiba Corp. in the US\$15 billion market for memory chips that store songs and pictures in electronics.

Europe

Telecommunications

- **Hungary launched two 15-year mobile telecommunications services tenders and a third tender for further mobile infrastructure development.** The government has made this decision to boost mobile market competition. One of the licenses is a full mobile service license to the 900/1800/2100 megahertz frequency package. The winner is required to provide the service to 35 percent of Hungary's population within three years. The other license is for the 450 MHz frequency, which could primarily boost broadband service availability at small dwellings and in underdeveloped regions. The winner is required to cover 30 percent of Hungary's geographical area within three years. Hungary is selling the licenses, which may be extended for a further 7.5 years, for a fixed 100 million forints (US\$480,200) one-off fee plus a minimum 0.8 percent of the annual net revenue of the new mobile service provider.
- **France Telecom SA will start operations in Uganda in the coming months, having formed a new telecommunications company with the operator Hits Telecom Uganda.** The new company, named Orange Uganda Ltd., is 53 percent owned by France Telecom and will use Hits Telecom's national license, GSM network, and main telecom assets. France Telecom Chief Executive Didier Lombard hinted there could be more deals on the continent to come. France Telecom is

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already present in 15 African countries, including Kenya where it launched the Orange brand in September. The investment in Uganda comes after France Telecom acquired a mobile license in Armenia earlier this month, examples of the more low-key expansion the group will target after its unsuccessful bid for Nordic operator TeliaSonera AB earlier this year.

Middle East/South Africa/South America

Telecommunications

- **Arab governments have taken US\$13 billion in mobile license fees despite signs of global recession.** Telecoms companies in the Middle East region will continue to grow regardless of the spread of the global economic crisis. The big five operators: Saudi Telecom Co., Mobile Telecommunications (Zain), Emirates Telecommunications (Etisalat), Qatar Telecom (Qtel) and Orascom Telecom will continue to expand and boost government revenues. In 2007, government royalty fees and profit shares from operators in the region amounted to US\$7.6 billion and the big five operated a total 64 mobile networks in the Middle East, Africa, South East Asia and Asia Pacific at the end of the third quarter. Saudi Arabia took in US\$6.1 billion selling its third mobile license to Zain KSA; Qatar liberalized its mobile market, netting a US\$2.1 billion license bid from Vodafone Qatar; and Kuwait approved Saudi Telecom Co.'s 26 percent stake in the established third mobile operator for US\$912 million. Iraq reaped US\$3.8 billion in awarding three US\$1.3 billion licenses to Zain, Qtel and Korek Telecom. Gulf Cooperation Council telecom markets remain attractive even with 117 percent mobile penetration rate due to the high spending power of the population. The population is young and the rising number of real estate developments have increased demand for solid telecom infrastructures.
- **Nigeria Telecom is slated for privatization in early 2009.** Some Russian investors may express interest in NITEL when the transaction opens for investment. Russia is very much interested to invest in Nigeria, especially in power and telecommunications. NITEL and its subsidiary, Mobile Telecommunications Ltd., are slated for privatization by the Bureau of Public Enterprises. A new core investor is to take over NITEL and MTEL in February. Nigeria has retained BNP Paribas to act as privatization adviser of both companies. Companies from Egypt and South Africa, and the Vodafone Group have indicated interest in bidding for NITEL and MTEL.
- **Mexico's Telefonos de Mexico SA has raised its guidance for 2008 capital expenditures to between US\$850 million and US\$900 million from US\$550 million thanks to higher than expected demand in its fast growing broadband business.** With its core long-distance and local telephony businesses in decline, Telmex sees broadband and eventually pay-TV as its main growth markets going forward. The number of broadband accounts rose 63 percent year-on-year to nearly 4.4 million. Telmex spent about US\$556 million on capital expenditures during the first nine months of the year. Telmex had decided to scale back its capital expenditure program for this year to US\$550 million from its original budget of US\$1.1 billion due to a weak economic outlook. Mexico's economy faces growing headwinds from a global financial crisis that threatens to plunge the world's major economies into recession. The U.S. is Mexico's largest trading partner which receives about 80 percent of its exports.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/24/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	94.2700	-7.3%	-11.1%	-16.2%	-20.8%
Hong Kong dollar	HK\$/ US\$	7.7528	-0.01%	-0.2%	-0.7%	-0.3%
Chinese renmenbi	RMB/ US\$	6.8432	0.13%	0.001%	-6.3%	-12.3%
Singapore dollar	S\$/ US\$	1.5071	1.9%	5.1%	4.3%	-2.0%
South Korean won	KRW/ US\$	1,424.5000	6.8%	18.1%	52.2%	53.2%
New Taiwan dollar	NT\$/ US\$	33.3800	2.5%	3.4%	2.7%	2.4%
Australian dollar	US\$/A\$	0.6231	-9.5%	-21.5%	-28.8%	-21.0%
New Zealand dollar	US\$/NZ\$	0.5570	-8.9%	-16.9%	-28.0%	-20.9%
Philippine peso	PHP/ US\$	48.6500	1.7%	3.0%	18.1%	-0.7%
Euro	US\$/€	1.2622	-5.9%	-10.5%	-14.2%	-4.4%
British pound	US\$/£	1.5923	-7.9%	-10.7%	-20.1%	-18.7%

Fixed Income Prices and Yields							
Note	Currency	Current (on 10/24/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	107.65	4.05%	102.81	4.33%	102.09	4.37%
Japan 30-year	¥	102.72	2.25%	103.27	2.31%	104.97	2.22%
Hong Kong 10-year	HK\$	109.68	2.45%	106.86	2.77%	103.64	3.15%
China (06/16)	US\$	108.60	3.40%	108.60	3.40%	108.77	3.39%
Singapore 10-year	S\$	109.90	2.84%	109.30	2.91%	106.03	3.28%
South Korea 20-year	KRW	9,470.89	5.98%	9,470.89	5.98%	9,470.89	5.98%
Australia 15-year	A\$	106.28	5.07%	101.67	5.56%	100.98	5.64%
New Zealand (12/17)	NZ\$	99.48	6.07%	99.44	6.08%	100.09	5.99%
Philippines 20-year	PHP	69.21	13.03%	95.43	9.12%	99.36	8.68%
India 30-year	INR	100.18	8.31%	99.56	8.37%	91.75	9.15%
UK 30-year	£	106.91	4.34%	104.70	4.46%	103.64	4.53%
Germany 30-year	€	100.29	4.23%	95.32	4.53%	92.09	4.74%

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