

# IRG WMR



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

***Week of 17 November - 23 November, 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<br>(11/21/2008) | % Change<br>1 Week Ago | % Change<br>Month to Date | % Change<br>1/1/2008 | % Change<br>1/1/2007 |
| S&P 500                   | 800.03                        | -8.4%                  | -17.4%                    | -45.5%               | -43.6%               |
| Dow Jones Industrial Avg. | 8,046.42                      | -5.3%                  | -13.7%                    | -39.3%               | -35.4%               |
| Dow Jones Tech. Index     | 223.11                        | -7.0%                  | -18.8%                    | -51.4%               | -45.9%               |
| Dow Jones Telecom. Index  | 170.95                        | -7.6%                  | -7.5%                     | -45.5%               | -34.3%               |
| NASDAQ Composite          | 1,384.35                      | -8.7%                  | -19.6%                    | -47.8%               | -42.7%               |
| The Street.com Net        | 159.28                        | -5.3%                  | -15.5%                    | -43.5%               | -35.6%               |
| Japan Nikkei 225          | 7,910.79                      | -6.5%                  | -7.8%                     | -48.3%               | -54.1%               |
| JASDAQ                    | 44.46                         | -4.2%                  | 1.3%                      | -38.4%               | -48.4%               |
| Japan Mothers             | 305.45                        | -5.6%                  | 2.1%                      | -61.0%               | -72.5%               |
| Korea KOSPI Composite     | 1,003.73                      | -7.8%                  | -9.8%                     | -47.1%               | -30.0%               |
| Korea Kosdaq              | 290.12                        | -8.6%                  | -5.8%                     | -58.8%               | -52.1%               |
| Taiwan Stock Exchange     | 4,171.10                      | -6.3%                  | -14.4%                    | -51.0%               | -46.7%               |
| Singapore Straight Times  | 1,662.10                      | -5.5%                  | -7.4%                     | -52.0%               | -44.3%               |
| Hong Kong Hang Seng       | 12,659.20                     | -6.5%                  | -9.4%                     | -54.5%               | -36.6%               |
| Hong Kong GEM             | 346.34                        | -7.6%                  | -5.0%                     | -74.3%               | -71.7%               |
| China Shanghai (A-Share)  | 2,068.75                      | -0.9%                  | 13.9%                     | -62.5%               | -26.5%               |
| China Shenzhen (A-Share)  | 581.50                        | 1.4%                   | 17.4%                     | -61.8%               | 2.1%                 |
| China Shanghai (B-Share)  | 105.92                        | -0.5%                  | 19.7%                     | -71.1%               | -18.6%               |
| China Shenzhen (B-Share)  | 248.09                        | -1.9%                  | 11.3%                     | -65.0%               | -42.7%               |

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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

#### *Mobile/ Wireless*

- **GSM Association calls for mobile phone manufacturers to include in full NFC functionality in devices; operators agree demand is strong.** The industry body threw its weight behind the ETSI-endorsed Single Wire Protocol (SWP) standard, which it insists should be built into handsets from mid-2009. The standard is designed to provide the interface between the SIM card and NFC chipset in the phone. Rolling out mobile payment services efficiently and cost-effectively, will require device manufacturers to make sure that the vast majority of commercially available handsets incorporate the SWP and near-field communications features as standard. Under the GSMA's Pay-Buy-Mobile initiative, involving a number of major credit card companies, there are trials taking place in eight countries in Europe, Asia and North America involving nine mobile operators. Further pilot projects are in the pipeline.

#### *Semiconductor*

- **Global semiconductor revenue is expected to fall 2 percent in 2008, hit by the sweeping economic downturn, and questions remain about how long the decline will extend into next year.** A U.S. research firm forecasts semiconductor sales this year at US\$266.6 billion, down from US\$272 billion in 2007. Consumer demand for electronics, from computers to digital cameras, is drying up quickly amid the financial crisis and the prospect of a lingering global recession. Chip makers from giants such as Intel and Samsung Electronics to contract manufacturers such as Taiwan Semiconductor Manufacturing all expect weak sales in the coming quarters. Although weakness is seen across the industry and markets, memory suppliers are suffering the most.

### Japan

#### *Hardware*

- **Canon Inc. will delay the construction of a US\$1 billion toner cartridge components plant in Japan by six months as the global downturn hits sales and usage of office equipment.** Canon plans to start building the plant in western Japan in June 2009 with production due from March 2010. Canon will spend 60 billion yen (US\$621 million) or more to build a toner cartridge plant in the U.S. state of Virginia and start output there in December 2009 remains on track. Consumable items such as toners and related services are an important source of profit for office equipment makers as they generally fetch high margins and provide a constant revenue stream. Canon cut its annual outlook, predicting its first profit decline in nine years as the economic slowdown drives up the yen and hurts copier and camera sales.

#### *Internet*

- **Banking on the global appeal of Japanese pop and video games, social networking site MySpace would more than double the number of artists on its Japanese pages to get more clicks internationally.** The growth of new sign-ups and page views is slowing in Japan for rival networking services such as mixi Inc., but Myspace, which launched its Japanese site two years ago, aims to buck the trend by expanding the range of sales artists can make on its site. This, allied with growing interest in J-Pop music and Japanese video games in other parts of the world, will help the

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site grow rapidly. The number of artists that have registered with the Japanese version of MySpace has doubled in the last six months to a little under 90,000 people.

## *Semiconductor*

- **Powerchip Semiconductor Corp. and Japan's Elpida Memory Inc. are in talks about strengthening their ties amid a slowdown in the dynamic random access memory (DRAM) industry.** The two companies already have a Taiwan joint venture, Rexchip Electronics Corp. The company will explore further cooperation (with Powerchip) but it is too early to discuss the details. Closer ties could be financial as well as technological. Elpida was also ready to discuss cooperative ventures with ProMOS Technologies or other Taiwan DRAM makers. Elpida has US\$2.2 billion cash in hand. Elpida had no immediate expansion plans in China but would seek to join forces with Powerchip if appropriate opportunities arise on the mainland.

## *Media, Entertainment and Gaming*

- **Yudo Ltd. is releasing a line of games for the Apple iPhone and iPod Touch that will be priced at US\$0.99 cents apiece.** Most games available for these devices cost around US\$3.00. The new games will be made available worldwide through Apple Inc.'s App Store download delivery service. The first set of four games includes "Cutie Scratch," which involves rubbing the screen to make pictures appear, and "Spy Bug Radar," where a player tilts and moves the device while listening to radar-like sounds to zero in on a location. In addition to marketing its own games, Yudo will also serve as sales agent for games created by individuals, acting as proxy for testing software and signing contracts with Apple. The company will also provide advice on how to make games that will sell.
- **Koei Co. Ltd. will take over smaller rival Tecmo Ltd. in a stock deal worth 20 billion yen (US\$207 million), the latest in a series of consolidation moves in the industry.** Koei and Tecmo, the maker of fighting game "Dead or Alive" and action title "Ninja Gaiden", plan to merge operations under a holding company in April. Each Tecmo share will be exchanged for 0.9 shares in the holding company, while one share in the holding firm, called Tecmo Koei Holdings, will be allotted to each Koei share, allowing Koei shareholders to take three quarters of the new entity. Larger rival Square Enix Holdings Co. Ltd. earlier this year offered to acquire Tecmo, but the company rejected the takeover bid and would instead merge with Koei, which offers history simulation game "Nobunaga's Ambition".

## *Telecommunications*

- **Softbank Corp. has seen a drop-off in sales of Apple Inc.'s iPhones due to technical issues, but problems have been resolved.** Softbank launched the iPhone in July and is currently the exclusive supplier of the touch-screen handsets. Apple sold about 200,000 phones in Japan in the first two months. Since then, however, demand has been falling steadily, and analysts widely believe sales are unlikely to reach a total of 500,000 units, half the one million units that they previously thought Apple could sell. Softbank is barred from disclosing handset sales figures by its agreement with Apple.
- **Nippon Telegraph and Telephone Corp. will conduct a 100-for-1 share split on January 4, 2009 to eliminate fractional shares before electronic stock certificates are introduced next year.** Stock exchanges in Japan will halt trading in the company's shares from Dec. 25 to 30 and the London Stock Exchange will halt trading in NTT shares from Dec. 24 to Jan. 4. The company aims to protect investors holding fractional shares who fear they could lose all value once the switch to electronic stock certificates is made in January 2009. NTT conducted a 1.02-for-1 stock split in 1995, resulting in

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a large amount of fractional holdings. The number of stockholders who still retain fractional shares accounts for just under half of all NTT shareholders.

## Korea

### *Mobile/Wireless*

- **LG Electronics Inc. has unveiled the successor of the high-end Prada phone, co-designed with Italian fashion house Prada Group, in the European market.** The latest Prada phone, model-named LG-KF900, offers technical upgrades and has modified the outfit to add a slide-out keypad to the existing touch screen. As part of the company's effort to tap into the fashion crowd, LG Electronics in March 2007 launched the Prada phone, a thin, metallic-black handset with a buttonless touch screen developed with Prada. LG has so far sold about 1 million of the first model globally since its launch.

### *Hardware*

- **LG Group denied a local media report that three of its telecommunications units may be merged into one to better compete with bigger rivals.** The group plans to combine LG Dacom Corp., LG Powercom Corp and LG Telecom Co. into a single entity over the next two years. The group plans to have LG Dacom, a fixed-line unit of the group, take over the management control of LG Powercom, an Internet service provider, by early next year, and then the new entity will merge with LG Telecom, the mobile service unit of the group.

## China

### *Internet*

- **Ctrip reported third quarter revenue of 370 million yuan (US\$55 million), slightly below estimates, but met its 15% year-on-year low-end guidance.** The main issue was lower air ticket price resulting in lower commission income per ticket. Fourth quarter revenue guidance of 5% to 15% year-on-year was weaker than expected. Net income was 104 million yuan (US\$15 million) in the third quarter of 2008, down 5% year-on-year. Hotel reservation revenues amounted to 186 million yuan (US\$27 million), 6% increase from the same period in 2007. Air-ticketing revenues were 166 million yuan (US\$25 million), 21% increase from the same period in 2007 primarily due to a 37% increase in air-ticketing sales volume, which was offset by a 12% decrease in commission per ticket primarily due to a decrease in ticket prices. Packaged-tour revenues were 28 million yuan (US\$4 million), up 37% from the same period in 2007.
- **51.com is expected to enter the online game market more smoothly, with the support from Giant Interactive Group Inc. China's leading online game developer and operator, which bought a 25 percent 51.com stake in June 2008.** Before the end of this year, the website would launch a terminal with more than ten casual online games like poker card and mahjong. The move is considered to be the best way for it to benefit from its vast user base, which had reached 130 million by the end of August, including 25 percent active ones. However, analysts suspected that 51.com has some problems in spreading the terminal and establishing a payment system, due to the lack of strong technological strength and a robust distribution network.



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- **Ninetowns Internet Technology Group Company, a China provider of online solutions for international trade, reported its financial results for the six month period ended June 30, 08 with net loss increased by 51% to US\$4.2 million.** Total net revenues were US\$7.4 million, 12% increase from US\$6.0 million for the first half of 2007. According to the company's CEO, the increased loss was due to changes to China's export tax refund regulations that were implemented in late 2007 decreased certain incentives and benefits of the international trade business; the global financial crisis reduced overall procurement order sizes; and the quality-related discoveries in the Chinese food and toy industries have diminished the credibility and businesses of many Chinese companies.
- **China Distance Education Holdings Limited reported net profits of US\$2.7 million in the fourth quarter of fiscal year 2008, declining 18.2% from a year ago.** Total net revenues reached US\$7.7 million, jumping 64.2% year on year. Net revenues from online education service grew 36.5% year on year to US\$5.5 million given rising course enrollments. The number of registered students totaled 285,000 by the end of the fourth quarter, swelling 212.7% from Q4 2007. In FY 2008, net revenues amounted to US\$17.6 million, leaping 48.4% from the previous year. However, net profits decreased 26.6% to US\$4 million, with a profit margin of 34.9%.
- **Noah Education Holdings Ltd., a leading provider of interactive education content in China, announced its financial results for the first quarter of fiscal 2009 ended Sept. 30, 2008, with net revenue decreased by 18.3% to 202.2 million yuan (US\$29.8 million), compared with 247.5 million same period last year.** Net income decreased 19.5% to 35.8 million yuan (US\$5.3 million) compared with the first fiscal quarter of 2008, but exceeded the Company's previous guidance of 21 million yuan to 24 million yuan. According to recent market research by CCID Consulting, Noah currently owns a 34% share of the Digital Learning Device (DLD) market. The Company remains China's industry leader in terms of both sales and volume and continues to address the large and expanding target market of 5 to 19 year-olds. Noah has expanded the number of schools in the Access Noah program to 820, an increase of 17% from the 700 schools reported in the fiscal fourth quarter.

## *Semiconductors*

- **Sales of China's semiconductor makers are expected to rise 6.7 percent to US\$81.7 billion this year, driven by domestic sales of wireless and consumer electronics products.** China's fabless integrated circuit (IC) industry, crowded with more than 550 companies, is expected to outperform with a 12.3 percent rise in sales to US\$3.5 billion in 2008, up from US\$3.1 billion in 2007. Beijing Olympics had encouraged the release of new handsets supporting the 3G standard, boosting sales of associated ICs in China, home to top domestic contract chipmaker Semiconductor Manufacturing International Corp. Despite the economic uncertainty, iSuppli forecast sales of China's fabless IC market would grow further to US\$4.1 billion in 2009 and US\$5.1 billion in 2010.

## *Software*

- **Pansoft Company Limited reported selected unaudited financial results for the third quarter ended 30 September 2008 and update of its guidance for the full year 2008.** The company's sales revenues for the third quarter were US\$2.17 million, an increase of 49.93 percent when compared to US\$1.45 million for the same quarter of 2007. Net income was US\$1.06 million (US\$0.23 per diluted share), an improvement over the net income of US\$0.73 million (US\$0.17 per diluted share) in the third quarter a year ago. Gross margin was 67.99 percent, up from 54.27 percent in the same quarter in 2007.



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## *Telecommunications*

- **China Mobile Ltd. is set to unveil a mobile handset made by Nokia Corp., the world's largest handset maker by shipments, that runs on the locally developed third-generation mobile technology.** Nokia will begin supplying the dual-band handsets, compatible with global system for mobile communications technology and TD-SCDMA very soon. In China, Korean electronics manufacturers LG Electronics Inc. and Samsung Electronics Co. are the only foreign companies to supply TD-SCDMA handsets. Wang also reiterated that China Mobile, the world's biggest telecom operator by subscribers, is keen on investing overseas and is currently looking at telecom assets in emerging markets including Asia. China Mobile is looking at taking a majority stake or investments with or without management control.
- **ZTE Corp. is in talks with AT&T Inc. and Verizon Wireless of the U.S. to supply telecom equipment as Chinese telecommunications equipment maker looks to penetrate developed markets to diversify its customer base.** Even though it sees a slowdown in the global telecom equipment market next year obtaining these contracts will help the company diversify its product offerings. The company still expects to maintain double-digit revenue growth next year despite a global economic slowdown on the back of continued strong demand for telecom equipment orders in emerging markets such as China, India, Africa and South America. ZTE plans to continue to invest 10 percent of its revenue on research and development next year. ZTE, which competes with telecom equipment vendors such as Ericsson and Nortel Networks Corp., will work to improve its cost structure amid the global economic downturn but doesn't plan any work force reduction.
- **ZTE has announced the signing of a contract worth 1.33 billion yuan (US\$195 million) with China Telecom for the first phase of a CDMA network construction project commencing this year which will cover both wireless and service networks.** Under the agreement, ZTE will provide China Telecom with CDMA wireless equipment, technical documentation, and services worth 1.27 billion yuan (US\$186 million) and service network equipment, technical documentation and services valued at 60 million yuan (US\$8.8 million). Other contracts for the construction of the core network and for the provision of additional telecom equipment are expected to be agreed upon by the two companies soon. ZTE is one of the equipment vendors China Telecom has chosen for supplying equipment for its recently acquired CDMA network from China Unicom. Dow Jones had in August reported that China Telecom selected ZTE, Huawei, and Alcatel-Lucent to expand its CDMA network.
- **The number of fixed telephone users of China Telecommunication Corporation declined by 1.09 million to 212 million users in October 2008, the largest monthly loss since February.** In the period, however the number of broadband users increased by 700,000 to 42.88 million users and in the first ten months of 2008 the number rose by 7.23 million users. China Telecommunication Corporation attributes the declining user number to the more fierce market competition and its strengthened sales control towards the low-end users.
- **The Chinese government is expected to award the country's three telecom operators licenses to operate 3G networks before the end of the year, prompting speculation that China Unicom will soon begin trialing its WCDMA-based 3G network in Wuxi City, Jiangsu Province.** Authorities will issue 3G licenses towards the end of the year. China Unicom is not allowed to switch on its WCDMA base stations until it receives a 3G license.

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- **Ethiopia Telecoms Corp (ETC) plans to raise its cell phone subscribers from 2.2 million to 15 million by 2010, with US\$1.5 billion financing from ZTE.** The company has agreed to set up a handset manufacturing plant with Janora Technology and the Organization for Rehabilitation & Development in Ethiopia. The plant, involving total investment of US\$5.2 million, is capable to produce 3,000 cell phones per day. To expand its presence in Ethiopia, ZTE also planned to build a CDMA network with capacity for 2.4 million users. Earlier this month, ZTE has won RMB 1.27 billion worth of wireless equipment contract from China Telecom, the largest fixed-line operator in China. It was in talks with China Telecom on a core network and ancillary equipment contract.
- **Datang Telecom Technology Co., Ltd. set up a wholly-owned subsidiary, Datang Telecom (Tianjin) Communications Terminal Manufacturing Co., Ltd., in the Tianjin Airport Industrial Park.** With cash investment of 10 million yuan (US\$1.5 million), the new subsidiary is mainly engaged in terminal and access business. The mobile phone business is expected to grow into one of the company's five pillar segments in one to two years. In late October, Datang Telecom reached an agreement with related parties in Tianjin. Making use of the southern Chinese city's cost advantage and the nation's preferential policy for the Binhai New Area, the Beijing-headquartered telecommunications equipment producer will develop its software, communications access, and terminal business after setting up its technology industrial park in Tianjin.
- **China Mobile will pay increasing attention to potential acquisition opportunities but believes the financial tsunami will affect demand for telecom services.** The company would slow down investment as the demand for telecom services and service fees drop. With a weaker financial market and fewer business traveling, China Mobile's roaming income and stock market-related service income will also drop. China Mobile's MOU (Minutes of Usage) tops at 497 minutes and has shown signs of weakening whereas three years ago, its MOU was 300 minutes. In 2009, China Mobile will step up expansion into the rural market, depending on the development of the macro-economy. But a price war, if occurs, will hurt the overall telecom sector. In acquisition, China Mobile favours emerging markets in Asia but will be rational. It prefers to take a controlling stake and believes asset pricing is more reasonable.

## *Alternative Energy*

- **LDK Solar Co., a Chinese maker of silicon wafers used in solar cells, third-quarter profit more than doubled, beating analyst estimates, on higher production and sales.** Net income increased to US\$88.4 million, or 77 cents a share, from US\$41.6 million, or 37 cents, a year earlier, beating analyst's average estimates of 72 cents. Sales more than tripled to US\$541.8 million but gross margin fell to 22.7 percent from 30.8 percent a year earlier because of higher polysilicon prices. LDK more than doubled its annual production capacity to 1,200 megawatts and plans to expand to 1,400 megawatts by year-end. The company plans to expand capacity to 2,300 megawatts next year, an increase of 100 megawatts from its earlier forecast. Wafer shipments rose to 252.7 megawatts, more than the 230 to 240 megawatts the company forecast on Oct. 8 and up from 78.9 megawatts a year earlier. LDK plans to ship 1,800 to 1,850 megawatts to customers next year, generating sales of US\$2.9 billion to US\$3.1 billion.
- **The world's largest solar module maker, China's Suntech Power Holdings Co, reported lower-than-expected quarterly profit and cut its full-year sales forecast because of the weak global economy.** Third-quarter net income rose to US\$55.9 million, or 33 cents per share, from US\$53.3 million, or 32 cents a share, a year earlier, and below the 42 cents per share analysts had on average expected, according to Reuters Estimates. Third quarter 2008 total net revenues grew 53.7% year-

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over-year to US\$594.4 million. Margins suffered from the sharp 20 percent drop in the euro against the dollar and a slight increase in the cost of silicon wafers. Due to the depreciation of the Euro versus the U.S. dollar combined with the impact of tighter credit markets, Suntech has revised its full year 2008 revenue guidance from a range of US\$2.05 billion to US\$2.15 billion to a new expected range of US\$1.85 billion to US\$1.87 billion. It also revised its full year 2008 PV product shipment target from 550MW to approximately 490MW. Suntech intends to hold PV cell production capacity at 1GW in 2009 until credit market visibility has improved. Suntech expects to reduce capital expenditures to approximately US\$80 million in 2009 from approximately US\$300 million in 2008. The majority of 2009 capital expenditures will be utilized to retrofit existing production capacity to the high efficiency,

- **Chinese solar company Trina Solar Ltd reported sharply higher quarterly earnings but trimmed its full-year sales and margins forecast because of the poor economic conditions.** Third quarter revenue reached US\$290.7 million, slightly higher than the US\$289.9 million that analysts had expected and net income was US\$32.1 million, or US\$1.17 per share, compared with US\$7.8 million a year ago. Wall Street analysts, on average, had been expecting earnings of \$1.10 per share, according to Reuters Estimates. But gross margin of 22.4 percent fell short of its forecast of 23 percent to 25 percent as costs for polysilicon weighed. Sales of solar panels have risen sharply in recent quarters as companies such as Trina have ramped up production of the clean power source. According to Reuters, tightening access to credit and a pullback in government subsidies in key markets such as Spain and Germany, however, have sparked concerns that an oversupply of solar panels will send prices tumbling and hurt manufacturers' profit margins. Company expected 2008 total net revenues to be in the range of US\$800 million to US \$850 million, compared to previous guidance of US \$850 million to US\$900 million. Total PV module shipments between 200 MW to 206 MW, compared to previous guidance of 210 MW to 220 MW.
- **Canadian Solar Inc., a Chinese manufacturer of solar power cells, reduced its full-year revenue forecast to US\$650 million to US\$750 million from guidance in August of US\$850 million to US\$970 million.** Revenues rose 159.1% year-on-year to US\$252.4 million with earnings of US\$0.41 per share, excluding stock-based compensation. Canadian Solar was expected to earn 48 cents, the average of seven estimates compiled by Bloomberg. Given the uncertainty of project and customers' financing coupled with softening solar market demand in Europe and USA at the year-end, the company has shifted its short-term operational emphasis to preserving cash and minimizing risk from the credit environment. Based on this adjustment, Q4 shipments are estimated to be approx 20 - 25 MW. The company anticipates that it will have US\$40 million available in unused credit lines by the end of Q4 and is actively negotiating more credit facilities with local banks. For FY09, Canadian Solar is maintaining its guidance of 500-550 MW with margins of 13% - 15%.

## *Media, Entertainment and Gaming*

- **Giant Interactive Group Inc. won the bid for broadcasting ads right after everyday CCTV News, signaling the beginning of CCTV's 2009 advertising bidding invitation, so called the weatherglass of Chinese economy.** CCTV's 2008 ad bids swelled 1.2 billion yuan (US\$176 million) to 8 billion yuan (US\$1.2 billion). Giant Interactive's bidding price reached 43.3 million yuan (US\$6.3 million) this time, surging nearly 20 percent from 35.1 million yuan (US\$5.1 million) a year earlier. The competitions for the 2009 naming right of CCTV's TV play program in the prime time are bitterer. Finally, wash and oral care products manufacturer Nice Group beat the Inner Mongolia Mengniu Dairy (Group) Co., Ltd. (Mengniu Group) with a total price of 305 million yuan (US\$44.6 million), jumping 30 percent from 230 million yuan (US\$33.7 million) a year ago. They are not motivated by

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impulsions, pointed out an analyst of market research institute CTR. The negative effect of the bad economic situation has not spread to China, even if it does, it will not overturn the Chinese advertising market, analyzed Professor Huang Shengmin, dean of College of Advertising at Communication University of China (CUC).

- **NetDragon Websoft Inc., reported on Nov. 18 that its third quarter net profit fell by 54.58 percent year-on-year to RMB 50.88 million (US\$7.5 million).** For the first nine months of 2008, NetDragon recorded net profit of approximately 166.08 million yuan (US\$ 24.3 million), representing a 37.6 percent drop compared to the same period in 2007. The company's revenue over the three quarters amounted to approximately 459.5 million yuan (US\$67.9 million), maintaining a steady level compared to the 453.3 million yuan (US\$66.4 million) revenue it recorded for the same period a year ago. The company's game portfolio consists of a range of MMORPGs in various styles. Titles include Eudemons Online, Conquer Online, Zero Online, Tou Ming Zhuang Online and Heroes of Might and Magic Online.
- **China-based media group Xinhua Finance Media Limited reported a loss for the third quarter compared to profit reported in the same quarter last year, primarily due to a US\$16.5 million provision for impairment of a principal protected note.** Third quarter net loss was recorded at US\$16.5 million compared to a profit of US\$9.0 million in the same period last year. Net revenues rose 25% to US\$51.1 million from US\$40.7 million in the year-ago period. On a segmental basis, revenues from the company's Advertising group rose 25% to US\$30 million, Broadcast group sales rose 68% to US\$18.1 million, while Print group division recorded a 50% decline in sales to US\$3.0 million. For full year 2008, the company has lowered its adjusted net income per ADS to a range of \$0.28 to \$0.30, from earlier expectation in the range of \$0.33 to \$0.35 per ADS. Revenue guidance has also been lowered to a range of US\$185 million to US\$187 million from initial guidance of US\$198 million to US\$208 million. In October 2008, the Company entered into a secured convertible loan facility for up to US\$80.0 million from affiliates of an existing large shareholder, Patriarch Partners. This is intended to fund investment in its broadcast business, with a focus on sports, while current cash on hand will be used for daily operations and earn out payments.

## *Hardware*

- **Dell Inc's sales in China slowed last quarter, but Beijing's economic stimulus measures are likely to boost technology spending.** Revenue in China in the quarter ended Oct. 31 was up 18 percent, lagging the previous quarter's 33 percent rise and well behind India's 48 percent growth. Combined revenue for consumer and commercial products in Asia, including Japan, rose 11 percent for the quarter. Dell had experienced a reduction in spending by small Chinese businesses that have been affected by the financial crisis. Much of the growth for the quarter came from the consumer side, while commercial products grew at a slower pace as smaller firms suffered from a cash crunch.

## *Mobile/ Wireless*

- **China's CDMA cell phone market is expected to recover and the output will hit a record high in November with the going conclusion of reshuffle of China's telecom industry.** The sales volume of CDMA mobile phones in September saw a low of 241,000 units, down 25 percent from August, maintaining drops for three months running. The sharp decline of the sales volume was attributed to attraction from GSM services of China Mobile and China Unicom, apart from the fallouts of the country's telecom industry reshuffle, in which China Unicom transferred CDMA network to China Telecom and the latter failed to haste out business promotions in the month. Although the telecom industrial revamp dented the sales volume of CDMA handsets, it was not fatal; the



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development of CDMA progresses rapidly after it was taken over by China Telecom, and CDMA handset shipment will hit a record high in November.

- **KongZhong Corporation generated US\$25.1 million in income in the third quarter of 2008, up 46 percent year-on-year.** The mobile value-added services contributed US\$22.1 million to the total, up by 38 percent year-on-year, whereas the mobile game services generated US\$2.37 million in income, soaring by 179 percent year-on-year. However, the company incurred US\$21.57 million in losses in the period.
- **Wireless value added service provider Hurray! Holding Co., Ltd. reported a net loss from continuing operations for the third quarter of US\$9.5 million narrower than a net loss of US\$11.5 million reported in the same quarter last year.** Net loss for the quarter included an impairment charge of US \$6.1 million in respect of the company's music business representing a goodwill impairment charge of US\$1.7 million, an impairment loss for the investment in music equity affiliate of US \$1.9 million, a write-down of US \$2.5 million on other acquired intangible assets from this business and a foreign exchange loss of US \$4.5 million on currency holdings. Total revenues for the quarter decreased 0.7% to US \$13.5 million from US \$13.6 million in the comparable quarter last year. On a segmental basis, revenues from wireless value-added services increased 20.1%, while recorded music revenues declined 30.2% from the same quarter last year. For the fourth quarter, the company expects total revenues in the range of US\$14 million - US\$15 million.
- **Linktone Ltd. announced that its subsidiary Shanghai Langyi Advertising Co., Ltd has terminated its exclusive advertising partnership with Tianjin Television and will not be acting as its advertising agent.** Shanghai Langyi signed the exclusive agreement with Tianjin Television in October 2007. Linktone is assessing the economic losses incurred by the termination of the exclusive advertising agreement.

## Taiwan

### *Mobile/ Wireless*

- **HTC Corp expects its revenue to grow by a double-digit percentage next year amid the rising popularity of feature-jammed mobile phones.** Chief Executive Peter Chou gave the forecast on the sidelines of an event, and after the Taipei stock market closed, when HTC shares jumped 5.7 percent. That outpaced the main 2 percent rise. Analysts were expecting the company's revenue to grow 18 percent to NT\$180 billion (US\$5.4 billion) in 2009.

### *Hardware*

- **Simmering sales of netbooks despite the global financial storm, helped to further upgrade the rankings of two personal computer (PC) brands based in Taiwan Acer and Asus.** Statistics compiled by Canalys, a tech sector analyst, show that Acer overtook HP to lead the EMEA (Europe, Middle East, and Africa) PC market in the third quarter, helped by strong netbook shipments. Asus' ranking has also risen partly due to its pioneering role in the netbook category. The two Taiwanese brands accounted for a combined 82 percent share of netbook shipments in EMEA in the third quarter. Although Asus pioneered the netbook segment with its Eee PC, Acer has gained a solid foothold with the Aspire One. The current trend will likely see Dell's No. 3 position threatened by Asus in the fourth quarter. This year has been healthy for the EMEA PC market, with strong double-digit growth each quarter despite the financial woes and rise in energy prices.

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## *Semiconductor*

- **MediaTek Inc. has begun shipping chips for the China Mobile Multimedia Broadcasting (CMMB) mobile phones, showing its ambition to shoot for a share of the mainland Chinese mobile-TV market, which is estimated to have over one million subscribers.** CMMB is one of the mainland's mobile-TV standards, telecasting TV and radio programming to handheld devices including mobile phones, personal digital assistants (PDAs) and CMMB gadgets. During the Beijing Olympic Games, the mainland authorities telecasted the games through CMMB system. So far, trial CMMB signal has reached nearly 40 cities across the mainland. The mainland's telecom regulators plan to commercialize the telecasting in the second half next year and 100 cities will be under signal coverage. The regulators estimate over one million CMMB-enabled end equipment to be procured in the mainland next year.

## **Hong Kong**

### *Telecommunications*

- **China Unicom (Hong Kong) Limited announced that as of October 2008, the number of the company's GSM mobile phone users amounted to 131.945 million in all, increasing 1.219 million in October alone.** The number of local telephone subscribers totaled 106.537 million, a drop of 792,000 in the month. And the number of broadband users arrived at 25.204 million, 345,000 users added in the month. Unicom had sold its CDMA business before October 1, 2008, and thus it stopped reporting the related data. Moreover, China Unicom merged with China Netcom, another Chinese telecom carrier, on October 15 in accordance with the country's plan for telecom industry regrouping.

## **Singapore/Malaysia/Philippines/Indonesia/India**

### *Telecommunications*

- **Just five days out from the deadline, Telstra Corp. is yet to decide whether it will lodge a bid for the Australian government's proposed A\$4.7 billion (US\$3 billion) national broadband network.** The country's biggest telecommunications company reiterated it wouldn't be bidding unless given assurances its infrastructure and retail units won't be separated. Board has not made a final decision. Telstra's comments mean bidding for A\$4.7 billion (US\$3 billion) in federal funding to build the high-speed Internet network reaching 98 percent of homes will go down to the wire - and could turn into a one-horse race. The other main contender, Singapore Telecommunications Ltd.-backed consortium, Terria, is expected to lodge a bid, but its position has been weakened by the recent exit of three members, including Telecom Corp. of New Zealand Ltd.
- **Singapore Telecommunications Ltd.'s best bet to boost its bottom line and meet its medium-term earnings target may be through an acquisition, but the global financial turmoil and barren hunting grounds make for a difficult task.** Although valuations have come down due to weak global stock markets, analysts say challenges remain for SingTel on the acquisition front. Despite SingTel's investment-grade credit rating, borrowing costs may still prove to be high, which would require higher returns quickly from acquisitions to justify the costs. Further, SingTel hasn't yet been able to pull the trigger partly due to a dearth of assets available on the market.

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- **Bharti Airtel Ltd. is interested in acquisitions in neighboring countries around India, but has no plans to make acquisitions domestically.** India can only support five to six players in the mobile market as opposed to the more than 10 that currently operate there. Bharti, like other wireless operators in Asia, has been looking at emerging markets for growth to help boost revenue. In India, mobile operators have been moving into rural areas where average revenue per user in those regions is much lower. Bharti failed earlier this year to strike a deal with South African telecommunications company MTN Group Ltd. due to differences over the deal structure. Kohli echoed comments made by China Mobile Ltd. Chairman Wang Jianzhou that telecom assets in emerging markets are currently inexpensive.
- **PT Excelcomindo Pratama Tbk, may miss its subscriber target this year due to economic conditions.** The firm, majority controlled by Telecom Malaysia, also said a decision on the sale of its telecommunication towers for up to US\$900 million should be reached later this year. Challenges entering the fourth quarter are bigger due to heated competition and a less conducive economy. The company is targeting about 27-28 million subscribers by the end of this year, but looking at current conditions, it may slow to a range of 25-27 million. The number of its subscribers reached 25.1 million by the end of September. The firm still expected to announce the winning bidder for its towers later this year and close the deal by early 2009.

## United States/Canada

### *Mobile/Wireless*

- **Verizon Wireless is releasing the Storm the first touch-screen BlackBerry after months of teaser ads meant to stop customers from switching to rival AT&T Inc., which released the newest iPhone from Apple in July.** The campaign will intensify with a new TV ad aimed straight at the competition. Verizon Wireless is expected to spend more than US\$100 million on the ad push. Verizon declined to cite a dollar amount but it was significant. The company, which is the Storm's exclusive U.S. carrier, is a joint venture of Verizon Communications Inc. and Vodafone Group PLC, the exclusive vendor in the U.K.
- **Deutsche Telekom AG's T-Mobile USA Inc. selected Yahoo Inc. as the default search provider for most of its devices, giving the Internet company a boost as it battles Google Inc. and Microsoft Corp. on the new frontier of mobile phones.** Yahoo will power the new "web2go" portal T-Mobile users will see when they launch their mobile Web browsers, allowing customers to search the Web as well as T-Mobile's catalog of content like ringtones and wallpaper. Yahoo will show sponsored links and display advertisements on the search results page. Yahoo and T-Mobile will share ad revenue, but the companies declined to provide details such as the length of the deal or whether Yahoo will make guaranteed payments to T-Mobile. Seattle start-up Medio Systems Inc. will process searches for digital content like ringtones on behalf of Yahoo, extending a previous partnership it had with T-Mobile.
- **Palm Inc., maker of the Treo and Centro smart phones, is eliminating jobs as it confronts falling sales and mounting competition from Apple Inc. and Research In Motion Ltd.** Palm is seeking profitability and long-term growth, resulting in company reductions in the U.S. and internationally. The company, losing customers to Apple's iPhone and Research In Motion's BlackBerry, predicted that sales would drop this quarter from the previous period. Palm is burning through cash while it works on software for a new generation of phones.



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- **Virgin Mobile USA Inc. will cut about 10 percent of its work force, or 45 positions, as the wireless services provider tries to integrate fellow wireless reseller Helio LLC and transitions its information-technology services to IBM.** The company is well-positioned to weather the economic downturn, pointing to Virgin's wide range of products and services. Virgin Mobile, controlled by Virgin Group Ltd. of the U.K. and Sprint Nextel Corp., agreed in June to acquire Helio for US\$39 million in stock, shrinking further what was once a crowded field of firms offering niche brands of cellphone service. The following month, the company signed an IT services agreement with IBM under which more than 40 of its employees would transfer to the information-technology giant, leading to operational cost savings over the next five years.
- **Research In Motion Ltd. President Mike Lazaridis is still confident about growth in the smart phone market.** Lazaridis made his remarks at a press conference at Vodafone PLC's German unit's headquarters in Duesseldorf after Nokia Corp., the world's largest mobile handset maker, warned its fourth-quarter sales and profits would be disappointingly low and that it expects industry device volume to decline in 2009 as a result of the rapid change in global consumer spending. Despite the economic crisis everybody needs communication devices. The smart phone market outpaces the overall mobile phone sector. RIM expects its revenue for its current third quarter of fiscal 2009, ending Nov. 29, to be in a range between US\$2.95 billion and US\$3.10 billion. Lazaridis expects diluted earnings per share in a range of US\$0.89 to US\$0.97.

## *Telecommunications*

- **The telecommunications industry is bracing for a new era of increased regulation.** New congressional leaders as well as policy makers in the Obama administration are expected to press for fresh limits on media consolidation and require phone and cable firms to open their networks to Internet competitors. Two pivotal figures will be Sen. Jay Rockefeller, who is poised to chair the powerful Senate Commerce Committee, and Rep. Henry Waxman, who ascended to head its counterpart in the House. Mr. Rockefeller is expected to take over the Commerce Committee from fellow Democrat Sen. Dan Inouye of Hawaii, who is moving to the chairmanship of the Appropriations Committee. Mr. Inouye and several of his predecessors shared close ties with the industry and a wariness of intervening in the marketplace.
- **ZTE USA Inc. a subsidiary of ZTE Corp. and Qualcomm Inc., an American CDMA developer, announced on that the two companies will create a networking platform for Gogo, a new in-flight Internet service of Aircell, an airborne communication provider.** ZTE will provide CDMA EV-DO Rev. A base stations and an IP switching platform while Qualcomm will provide aircraft-mounted modems for Aircell's service, which has been operating on selected American Airlines flights since August. The technology is being engineered to accommodate the high speed and high altitude of aircraft, allowing them to connect to base stations. The resulting service will improve speeds and cut costs for in-flight wireless services. Many airlines are looking into releasing in-flight Internet services, most of which utilize satellites to coordinate communications between aircraft and base stations on the ground.

## *Internet*

- **Akamai Technologies Inc. expected to eliminate about 110 jobs, or about 7 percent of its work force, in the fourth quarter in a restructuring action to reduce operating costs.** The Internet content delivery company expects to record a restructuring charge of about US\$4 million this quarter in severance and related costs, which are expected to be partially offset by a reduction in stock-based

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compensation. The company expects a loss on sublease income of about US\$2.5 million in the current quarter related to some leased facilities.

- **Yahoo CEO's resignation hastened by mishandled deal negotiations with Microsoft, AOL.** The failed attempt to strike an advertising pact with rival Internet giant Google was the fatal blow to Yahoo co-founder Jerry Yang's tenure as chief executive. Yahoo is considering both internal and external candidates in the search for a replacement, adding that Yang will stay on as a senior executive and board member. Jackson, an activist Yahoo! shareholder, insisted the advertising agreement with Google had been Yang's last hope. But any hopes of a pact between Yahoo and Google were struck down when the latter succumbed to regulatory pressure at the beginning of November and walked away from the proposed partnership. The software giant made a US\$44.6 billion bid for Yahoo at the beginning of February, a deal which Yang rejected on grounds the US\$31 per share offer drastically undervalued the Internet company. Indeed, reports emerged of friction between board members following Yang's rejection of Microsoft's approach. In February one source claimed that his decision had left him marginalized by an informal board group that saw his response to Microsoft's offer as purely emotional, and not based on a viable alternative plan for the company.
- **Mexico's wireless subscribers rose to 75.7 million at the end of September, up from about 64.6 million in the year-earlier period.** Market leader Telcel, a unit of Latin America's largest mobile phone company America Movil SAB, said in its third-quarter earnings report that its subscriber base grew 14.5 percent year-over-year to about 54.4 million. TelCel's market share and financial muscle are a potential threat to competition, which could subject the company to greater regulatory oversight. America Movil is controlled by Mexican billionaire Carlos Slim, who also owns Mexico's largest fixed-line phone company, Telefonos de Mexico SAB.

## *Software*

- **Microsoft Corp. is modifying its approach to offering music to consumers over the Internet, after slow consumer uptake of a subscription service from the company that rents songs to consumers for a monthly fee.** The changes by the company to its Zune Pass subscription music service will, give users ten songs a month that they can keep permanently along with access to a library of more than 4 million tracks that they can listen to only for as long as they subscribe to the US\$14.99-a-month service. The Zune Past monthly fees previously include song rentals, but no tracks that users could permanently keep. Microsoft's move is the latest in a long series of efforts by recording companies and digital music providers to find a way of introducing music subscription services to the mainstream.
- **Microsoft Corp. Chief Executive Steve Ballmer squelched hopes that the software giant would renew efforts to acquire Yahoo Inc.** At Microsoft's annual shareholder meeting in Bellevue, Wash., Mr. Ballmer said his company, which was willing to pay nearly US\$45 billion to buy Yahoo earlier this year, had moved on and was done with all acquisition discussions with Yahoo. Speculation about a Microsoft deal of some kind grew this week as Yahoo planned to seek a successor for current CEO Jerry Yang, who was involved in rejecting Microsoft's initial acquisition offer. The software giant remains very open to a deal that would give it Yahoo's search engine business, a proposal that Yahoo also rejected this summer.

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## Europe

### *Mobile/ Wireless*

- **Carphone Warehouse Group PLC's shares fell almost 13 percent, after it warned of an uncertain consumer outlook and is considering demerging its TalkTalk broadband business.** First-half net profit before amortization of acquisition intangibles and exceptional items was down 11.4 percent at 39 million pounds (US\$58 million) versus 44 million pounds (US\$65.4 million). Revenue for the company's broadband TalkTalk business fell 2 percent to 697 million pounds (US\$1036.3 million), beating a company consensus that had forecast revenue at 694 million pounds (US\$1031.9 million). Carphone swung to a pretax loss of 11 million pounds (US\$16.4 million) for the 26 weeks to 27 September, compared with a profit of 38 million pounds (US\$56.5 million) a year earlier. Profits were lower due to investment in the company's mobile virtual network operator, its technology support service Geek Squad and due to expenses incurred due to the Best Buy joint venture.
- **Nokia will supply 3G mobile phones to China's largest mobile service provider China Mobile which is also talking to more phone suppliers.** Nokia will provide China Mobile with dual-band mobile phones, which can receive signals and operate with both GSM and TD-ScienceDMA standard that is exclusively used in the mainland. China Mobile's chairman Wang Jianzhou revealed that the company is also in talk with other mobile phone suppliers like Motorola and Sony-Ericsson. Wang predicted that the total number of cities in China that can enjoy 3G services will increase to 38 next year. In view of the huge development potentials in China's villages, the company will enlarge its capital expenditure in villages, which can help offset a slowdown of business growth in urban areas.
- **Millicom International Cellular has won a license to offer nationwide mobile services in Rwanda.** The company revealed that it beat competition from three rival bidders for the US\$60 million, three-year concession that will give it the right to operate as Rwanda's third national mobile provider. The license will be held via a newly-created joint venture company, in which Millicom will hold an 87.5 percent stake. The remainder will be owned by locally-based Marathon Corporation. Rwanda has a population of 10 million sharing a landmass of 26,000 square kilometres. The company claims mobile penetration stands at just 9 percent, although existing player MTN reported a subscriber base of 988,000 at the end of September, or close to 10 percent of the population. Millicom will compete with incumbent operator Rwandatel, which is believed to have significantly fewer customers.

### *Internet*

- **Blinkx PLC has revived its proposal to buy U.S. advertising network company MIVA Inc., lowering its offer price to US\$0.55 per share in cash from an August offer of US\$1.20, which was rejected.** The offer values MIVA at US\$19 million. In light of current market conditions and the issues in MIVA's business, which is centered around text and display advertising, it has returned with a revised offer, which represents a 108 percent premium above MIVA's closing price of US\$0.26. The company earlier this month reported a wider third quarter net loss of US\$10.5 million, from US\$3.3 million last year, and revealed it had a new US\$10 million credit facility to help it towards earnings growth.

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## *Telecommunications*

- **France Telecom SA is interested in merger and acquisition opportunities in markets where it is already present, such as Spain.** France Telecom hasn't yet been approached by TeliaSonera over Yoigo and isn't actively looking for deals. France Telecom also still believes in large-scale consolidation among telecom operators in the longer term, even if it is adopting a cautious approach to acquisitions for the time being. The current financial difficulties may have postponed consolidation for a few years, but they haven't changed the overall picture. France Telecom abandoned an unpopular bid for TeliaSonera earlier this year. Since then, the company's view on the attractiveness of some emerging markets, such as Turkey and Russia where TeliaSonera has assets, has changed in light of the economic downturn.
- **A Congressional telecommunications committee in Argentina has ruled that Spain's Telefonica's minority stake in Telecom Italia violates the nation's antimonopoly laws.** The two companies' local units dominate fixed and cellular phones as well as internet service in Argentina. The House Communications Commission sent a bill to the floor for a full vote, which would ask the President to implement the measures necessary to avoid monopolistic activity which eventually could result from the economic concentration stemming from Telefonica's acquisition of shares in Telecom.
- **While Swedish telecommunications equipment maker Telefon AB L.M. Ericsson is holding firm to its expectations for a flat market in 2009, mounting evidence suggests that next year will be significantly more challenging.** The economic slowdown has reduced consumer spending, hitting both handset sales and capital expenditure by telecom operators such as Vodafone Group PLC. Reduced capex is a warning sign for the companies that provide the kit for the honeycomb networks of towers and base stations that make mobile calls possible. Ericsson, the world's largest network equipment manufacturer by sales, won't be immune from the effects of a slowing market, although its presence in emerging markets that are still growing - albeit at a reduced pace compared with recent years could provide a cushion.
- **Ericsson expects 80 percent of global Internet subscribers will connect via mobile broadband instead of fixed by 2013.** That includes people who have abandoned their fixed-line connection in favor of mobile broadband, or are new broadband subscribers that have selected a mobile connection over a fixed one. Key to the migration will be the ease of installation and of use of mobile broadband. Citing recent statistics from the Global Mobile Suppliers Association (GSA), Cunliffe pointed out that there are 805 different HSDPA devices from 129 suppliers available on the market. 118 of those devices are notebook computers made by Dell, H-P, Lenovo, Toshiba and LG. Ericsson is on track to have commercially available network products by 2009, with devices launching during the following year, bringing with them the promise of higher connection speeds.

## *Media, Gaming and Entertainment*

- **British Sky Broadcasting Group PLC isn't considering a bid for Carphone Warehouse Group PLC's broadband assets.** Reports reignited speculation that Carphone Warehouse will demerge its TalkTalk fixed line and broadband assets from its retail operations following its deal with Best Buy Co. Inc, and a number of potential buyers have been touted in the press. But a bid for the TalkTalk assets isn't on BskyB's agenda. Carphone Warehouse had 2.8 million broadband customers at its last results announcement Sept. 27 and RBS analysts have valued the standalone fixed-line business at around 1.2 billion pounds (US\$1.8 billion). U.K. broadband consolidation has been on the cards since Tiscali SpA put itself up for sale earlier this year. It was in exclusive talks to sell its U.K. assets to BskyB.

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## *Information Technology*

- **Atos Origin has cast aside its chief executive, Philippe Germond and appointed former French Finance Minister Thierry Breton to replace him as it seeks to quicken its transformation.** Germond had previously clashed with some of the company's main shareholders. The appointment of Breton, who is also a former France Telecom SA CEO, is effective immediately. In addition, at its next general meeting, Atos Origin will propose becoming a Societe Anonyme, meaning it would have a board of directors, instead of both a supervisory and a management board.

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

### *Telecommunications*

- **Orascom Telecom Holding said its third quarter net profit fell 72 percent to US\$69 million, from US\$257 million a year earlier.** Nine month net revenue also declined 72 percent to US\$345.4 million, from US\$1.3 billion over the same period. The company blamed the sharp fall on a non-recurring gain of US\$761 million from Hutchison Telecom's share of the profit from the sale of its Indian subsidiary. Still, net income declined 42 percent after exclusion of the non-recurring gain. Foreign exchange losses were largely due to the depreciation of the Pakistani Rupee against the U.S. dollar. OTH's revenue for the nine month period ending Sept. 30 grew 16 percent to US\$4 billion from US\$3.5 billion in the previous year as total subscribers jumped 22 percent to 79 million. Revenue for the third quarter, however, remained unchanged at US\$1.2 billion, hindered mainly by the decline in quarterly revenue growth in Mobilink (Pakistan) by 22 percent.
- **Telkom SA Ltd. said profit fell in its fiscal first-half as operating expenses increased and offset growth in the mobile operations it plans to exit.** The company is the former monopoly operator in South Africa but is defending its market share against mobile operators and recently launched fixed-line rival Neotel. It has plans to roll out a fixed-mobile service and use cash from the sale of a stake in mobile firm Vodacom Group Ltd. to expand in Africa. Net profit declined 2.1 percent to 3.62 billion rand (US\$357 million) for the six months to Sept. 30 from 3.7 billion rand (US\$353.3 million) a year earlier, while revenue for the period rose almost 10 percent. Expenses increased 17 percent, which largely reflected higher salaries as well as inflationary pressures. The company would look at all areas of its business as it focused on cost control.



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## Other Economic Data

| Currency Exchange Rates |            |                               |                        |                           |                      |                      |
|-------------------------|------------|-------------------------------|------------------------|---------------------------|----------------------|----------------------|
| Currency                | Units      | Current Rate<br>(on 11/21/08) | % Change<br>1 Week Ago | % Change<br>Month to Date | % Change<br>1/1/2008 | % Change<br>1/1/2007 |
| Japanese yen            | ¥/US\$     | 95.9100                       | -1.1%                  | -2.6%                     | -14.8%               | -19.5%               |
| Hong Kong dollar        | HK\$/ US\$ | 7.7502                        | 0.0%                   | 0.0%                      | -0.7%                | -0.4%                |
| Chinese renmenbi        | RMB/ US\$  | 6.8302                        | 0.1%                   | -0.1%                     | -6.5%                | -12.5%               |
| Singapore dollar        | S\$/ US\$  | 1.5270                        | 0.5%                   | 3.0%                      | 5.6%                 | -0.7%                |
| South Korean won        | KRW/ US\$  | 1,493.3000                    | 6.7%                   | 17.2%                     | 59.6%                | 60.6%                |
| New Taiwan dollar       | NT\$/ US\$ | 33.3750                       | 1.0%                   | 1.2%                      | 2.7%                 | 2.4%                 |
| Australian dollar       | US\$/A\$   | 0.6317                        | -2.8%                  | -5.4%                     | -27.8%               | -19.9%               |
| New Zealand dollar      | US\$/NZ\$  | 0.5384                        | -2.6%                  | -7.5%                     | -30.4%               | -23.5%               |
| Philippine peso         | PHP/ US\$  | 49.8100                       | 1.4%                   | 2.2%                      | 20.9%                | 1.6%                 |
| Euro                    | US\$/€     | 1.2584                        | -0.1%                  | -1.1%                     | -14.5%               | -4.7%                |
| British pound           | US\$/£     | 1.4935                        | 1.3%                   | -7.1%                     | -25.1%               | -23.8%               |

## Fixed Income Prices and Yields

| Note                | Currency | Current (on 11/21/08) |        | 1 Week Ago |        | 4 Weeks Ago |        |
|---------------------|----------|-----------------------|--------|------------|--------|-------------|--------|
|                     |          | Price                 | Yield  | Price      | Yield  | Price       | Yield  |
| US 30-year          | US\$     | 114.50                | 3.69%  | 104.47     | 4.23%  | 107.65      | 4.05%  |
| Japan 30-year       | ¥        | 103.25                | 2.22%  | 103.52     | 2.20%  | 102.72      | 2.25%  |
| Hong Kong 10-year   | HK\$     | 119.43                | 1.39%  | 116.58     | 1.69%  | 109.68      | 2.45%  |
| China (06/16)       | US\$     | 111.95                | 2.92%  | 111.95     | 2.92%  | 108.60      | 3.40%  |
| Singapore 10-year   | S\$      | 114.61                | 2.32%  | 112.68     | 2.53%  | 109.90      | 2.84%  |
| South Korea 20-year | KRW      | 9,470.89              | 5.98%  | 9,470.89   | 5.98%  | 9,470.89    | 5.98%  |
| Australia 15-year   | A\$      | 108.99                | 4.78%  | 104.78     | 5.22%  | 106.28      | 5.07%  |
| New Zealand (12/17) | NZ\$     | 103.92                | 5.45%  | 99.38      | 6.09%  | 99.48       | 6.07%  |
| Philippines 20-year | PHP      | 69.24                 | 13.03% | 68.44      | 13.19% | 69.21       | 13.03% |
| India 30-year       | INR      | 105.46                | 7.84%  | 101.98     | 8.15%  | 100.18      | 8.31%  |
| UK 30-year          | £        | 109.20                | 4.21%  | 105.05     | 4.44%  | 106.91      | 4.34%  |
| Germany 30-year     | €        | 103.92                | 4.02%  | 98.53      | 4.34%  | 100.29      | 4.23%  |

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