



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

Week of 15 December - 21 December, 2008

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



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Table of Contents

Equity Market Indicators	3
Technology, Media, Telecommunications and Life Sciences Market Activity	4
Weekly Highlights	5
International	5
Japan	5
Korea	7
China	8
Taiwan	10
Hong Kong	10
Singapore/Malaysia/Philippines/Indonesia/India	10
United States/Canada	11
Europe	13
Middle East	15
Other Economic Data	16
Currency Exchange Rates	16
Fixed Income Prices and Yields	16

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



Week of 15 December - 21 December, 2008

Equity Market Indicators					
Index	Closing Level (12/19/2008)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
SandP 500	887.88	0.9%	-0.9%	-39.5%	-37.4%
Dow Jones Industrial Avg.	8,579.11	-0.6%	-2.8%	-35.3%	-31.2%
Dow Jones Tech. Index	252.28	1.8%	3.9%	-45.1%	-38.9%
Dow Jones Telecom. Index	199.36	3.6%	4.9%	-36.4%	-23.3%
NASDAQ Composite	1,564.32	1.5%	1.9%	-41.0%	-35.2%
The Street.com Net	180.72	2.7%	3.6%	-35.9%	-26.9%
Japan Nikkei 225	8,588.52	4.3%	0.9%	-43.9%	-50.1%
JASDAQ	46.19	0.3%	3.7%	-36.0%	-46.4%
Japan Mothers	322.46	4.6%	2.8%	-58.8%	-71.0%
Korea KOSPI Composite	1,180.97	7.0%	9.7%	-37.7%	-17.7%
Korea Kosdaq	342.45	7.0%	11.4%	-51.4%	-43.5%
Taiwan Stock Exchange	4,694.52	4.8%	5.2%	-44.8%	-40.0%
Singapore Straight Times	1,795.47	3.2%	3.6%	-48.2%	-39.9%
Hong Kong Hang Seng	15,127.51	2.5%	8.9%	-45.6%	-24.2%
Hong Kong GEM	376.37	0.3%	7.0%	-72.1%	-69.3%
China Shanghai (A-Share)	2,119.63	3.3%	7.9%	-61.6%	-24.7%
China Shenzhen (A-Share)	655.28	6.6%	15.5%	-56.9%	15.0%
China Shanghai (B-Share)	118.43	4.4%	11.6%	-67.6%	-9.0%
China Shenzhen (B-Share)	289.18	4.8%	15.3%	-59.3%	-33.3%

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



Week of 15 December - 21 December, 2008

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

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

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

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/19/08	% Change From Offer
12/17/08	Gree Inc. [3632.MTH]	Social network service	¥13,300 (US\$149.1)	¥3,300	¥5,250	59.1%

Asian Markets: TMT and Life Sciences Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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



Week of 15 December - 21 December, 2008

Weekly Highlights

International

Mobile/ Wireless

- **Mobile phones sales will shrink next year at their fastest pace ever as consumers cut spending, a Reuters poll showed, with analysts increasingly concerned about unsold phones piling up in stores.** On average, the poll of 36 analysts shows global market volumes shrinking 6.6 percent next year and 5.7 percent in the fourth quarter -- traditionally the strongest period for the industry due to holiday sales. In a similar poll in early November analysts on average forecast the market to rise 2.6 percent in 2009. But since then Nokia has warned twice on market growth, saying on Dec. 4 its best guess was for sales to fall 5 percent or more next year. Fear and uncertainty are causing many suppliers and consumers to delay purchasing their next handsets. Consumer electronics demand has slumped in the run-up to the key Christmas sales season, triggering the loss of 16,000 jobs at Sony and profit warnings from Samsung Electronics and Texas Instruments Inc.

Semiconductor

- **The global semiconductor market will likely contract 4.4 percent to US\$261.9 billion in 2008.** Declining demand and prices causing double-digit drops in earnings at five of the world's top 10 chipmakers, a club that includes Samsung Electronics Co. of South Korea and Texas Instruments Inc. of the U.S. Among Japanese semiconductor manufacturers, Toshiba Corp.'s sales are seen falling 11.1 percent on the year to 10.51 billion yen. But the firm will likely secure a 4 percent global market share and maintain its position as the third-largest chipmaker in the world. Renesas Technology Corp. is expected to move up to seventh place, although its revenue will likely decrease from a year earlier.
- **Excess semiconductor inventories in the global electronics supply chain are likely to increase sharply through the end of the fourth quarter amid weaker sales of technology products.** According to iSuppli, higher stockpiles could delay the semiconductor market's recovery from the current downturn. The value of excess semiconductor inventories is expected to balloon to US\$10.2 billion at the end of the fourth quarter from US\$3.8 billion at the end of the third quarter. Production schedules have been ratcheted down during the quarter in what are mainly reactive moves, resulting in excess inventory build-up. iSuppli's methodology involves estimating the value of excess semiconductors throughout the electronics value chain, whether in component inventories, work in progress or as part of intermediate or finished products.

Japan

Hardware

- **Panasonic Corp. offered to pay as much as 806.7 billion yen (US\$9 billion) to buy Sanyo Electric Co., gaining the lead in the global rechargeable battery market in Japan's biggest consumer-electronics acquisition.** The offer of 131 yen a share, less than the market price, is being considered "positively" by Goldman Sachs Group Inc. and 2 Japanese banks holding a combined 70.5 percent stake in Sanyo, Panasonic, the world's biggest consumer-electronics maker. Goldman Sachs, Daiwa Securities Group and Sumitomo Mitsui Financial Group bailed out Sanyo in 2006 and would gain an 87 percent return on their investment. The acquisition would almost quadruple Panasonic's share of the rechargeable-battery market and give it access to Osaka-based Sanyo's solar-cell technology.

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



Week of 15 December - 21 December, 2008

- **Konica Minolta Holdings plans to delay the start-up of a new plant in Japan that makes high-tech film used in liquid crystal display panels, as sluggish flat TV demand has forced panel makers to cut output.** A slew of Japanese companies, including Sony Corp, have delayed or scrapped capital spending plans amid the global financial and economic crisis. The high-tech LCD film, known as triacetyl cellulose (TAC) film, has been an engine of growth for Konica Minolta, which with rival Fujifilm Holdings Corp dominates the market. The company is building a new TAC film plant in western Japan. Construction of the US\$202 million factory, which will be capable of making 50 million square meters of film a year, was slated for completion in autumn 2009. Konica Minolta does not disclose TAC film sales figures, but the company expects its optics business division, which includes TAC film as well as optical pick-up lenses and hard-disk substrates, to post 205 billion yen (US\$2.3 billion) in sales in the year to March 2009, or 20 percent of its total revenues.
- **Canon Inc. would delay the construction and start-up of a US\$196-million digital camera plant in Japan due to slow demand, becoming the latest company to modify investment plans amid the global downturn.** The company will decide on new dates for the plant as it monitors conditions in the global digital camera market. Canon in October cut its digital camera sales target by 5 percent to 27.9 million units for calendar 2008 as sagging economies worldwide forced consumers to tighten their purse strings.

Telecommunications

- **KDDI Corp. plans to acquire the cable TV operations of Tokyo Electric Power Co (Tepco) for about 20 billion yen (US\$222.4 million).** Cable TV providers are increasingly joining hands to expand as Internet-based TV viewing gains popularity. Industry leader Jupiter Telecommunications announced last week that it would buy third-ranked Mediatti Communications. KDDI's cable TV unit, Japan Cablenet, is the second biggest in the industry. KDDI plans to purchase Tepco units Tepco Cable Television Inc and Kawagoe Cablevision Corp, both of which operate in Saitama Prefecture, near Tokyo. The deal would boost the customer base of Japan Cablenet to about 730,000 households, raising its nationwide market share to slightly more than 10 percent

Semiconductor

- **Toshiba Corp. and partner SanDisk Corp will cut NAND flash memory production by 30 percent from January, as the global economic slowdown hits demand for the microchips used in digital cameras and portable music players.** Slumping demand and excess capacity have caused semiconductor prices to plunge, pushing makers of PC-use DRAM chips in particular to seek help, and sending Toshiba's chip business into the red in the first half of the business year. Toshiba and SanDisk jointly operate 2 NAND plants that process cost-efficient 300-mm silicon wafers at a manufacturing complex in western Japan. The 2 plants have a combined capacity to handle 260,000 wafers a month. 2 other factories in the complex process 200-mm wafers and are run by Toshiba alone.

Media, Entertainment and Gaming

- **Nintendo Co. will launch a software download service for its DSi portable game system this coming with a menu of 13 titles.** The Nintendo DSiWare service is similar to the services that download application software to mobile phones, but in this case the software is downloaded via a wireless Internet connection and stored on the DSi. Nintendo hopes to push sales of the DSi far above the 20-million-unit level in Japan, a barrier that game systems have always had trouble breaching. Nintendo will cooperate with blog service provider Hatena to run a Web site where people

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



Week of 15 December - 21 December, 2008

will be able to upload flip-page animations created with Moving Memo, one of the DSiWare applications that will be available free for download.

Internet

- **Shares in Japanese social networking site operator Gree Inc. soared 45 percent in their debut on the Tokyo bourse.** Gree has attracted attention with its US\$150 million IPO and growth potential. Gree's debut was Japan's second-biggest this year after Seven Bank's public offering in February, and the SNS provider, currently valued at 107 billion yen (US\$1.2 billion), has overtaken Mixi as the most valuable firm on the Tokyo Stock Exchange's Mothers market for start-ups. Gree expects its operating profit to increase more than five times to 5.9 billion yen (US\$66 million) in the year to June, bigger than Mixi's projected 3.8 billion yen (US\$42.5 million) profit in the year to March. Although Mixi has more than 15 million users, it relies mainly on advertising for its revenue while Gree has more fee-based services like its sales of popular avatars used in games.

Korea

Telecommunications

- **The SK Group conducted a significant personnel reshuffle.** Its flagship company, SK Telecom, has named Jung Man-won, president of affiliate SK Networks Co., as its new chief executive office. Jung will replace the current president, Kim Shin-bae who will be promoted to the position of vice chairman in SK C&C Co., an IT solution unit. Jung's appointment is subject to shareholders' approval in March. Amos C.K. Lee, who has headed the trading division of SK Network, will succeed Jung as president of the company. SK Energy, has appointed Koo Jay-young, head of the company's Corporate Planning and Global Technology division, as its president. SK Shipping has named Whang Kyu-ho, executive director of SK Holdings, the holding company of the group, as its new president.

Mobile/Wireless

- **Samsung Electronics will release its first Google phone in the second quarter of the next year in North America.** The launch of Google phone by Samsung is regarded as a signal of its plan for increasing the shares in the smart phone market by releasing handsets in various operating systems. Also, as Samsung joins the Android group led by Google, the competition among the mobile platforms like Nokia's Symbian, MS Windows Mobile, LiMo and Apple's Mac OS X will become fierce. Industry insiders said that Samsung Electronics is currently in the development process of its new Google phone to release out in the second quarter of the next year via Sprint Nextel and T-Mobile USA in North America. To this end, it has added 30 experts in Linux and Java to the task force team of its information and communications division. The team now has up to 80 developers.
- **Samsung Electronics announced that it surpassed 1 million units in accumulated sales of Haptic series, its full touch screen cell phone.** The sales trend of Haptic 2 that surpassed 330,000 units in 12 weeks after release is ahead of Haptic and made it to the bestselling item in the second half of this year.

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



Week of 15 December - 21 December, 2008

Internet

- **NHN Corp., the operator of Internet portal Naver, said it will launch a new piracy prevention system designed to prevent copyrighted music from appearing on the site.** The new system will incorporate a software program that can automatically detect when pirated content is uploaded and delete it from postings made on Internet blogs and community sites run by Naver. NHN says the accuracy rate for the program exceeds 80 percent. Earlier this year, the Korea Music Copyright Association sued NHN Corp. and Daum Communications Corp. accusing them of overlooking illegal file sharing taking place on their portals.

Hardware

- **LG Electronics announced changes to its top management and business structure aimed at beefing up its business solution and air conditioner units.** Following the reshuffle, LG will have five business units: home entertainment, home appliance, air conditioning, business solutions and mobile communications, up from four previously. The newly created home entertainment division covers LG's display, TV and digital media businesses. The business solutions division, another new unit, will provide commercial monitors, TVs for hotels, digital signage, security and telematics. The air conditioning unit was spun off from LG's appliance division as LG, the world's biggest maker of household air conditioners, tries to grow in the commercial air conditioner market. LG also promoted the heads of its mobile and display divisions.

China

Internet

- **Alibaba's consumer-focused e-commerce platform Taobao has recorded 85 million registered users to date and daily transaction volume of 300 million yuan (US\$43.8 million).** Alibaba's online advertising exchange platform Alimama includes 400,000 sites and has recorded 3 billion page views. Taobao had more than 83 million registered users by the end of September.
- **Baidu CEO Robin Li is still looking for the best person to lead Baidu as chief executive.** Li only became CEO in 2005 due to the company's Nasdaq listing, and has always been on the lookout for a replacement. Baidu page views have remained high and have not fallen since reports of a paid search scandal shook the industry last month. Baidu has lowered fourth quarter revenue guidance to US\$131 million to US\$133 million from the previously stated range of US\$151 million to US\$155 million on factors including the removal of questionable paid search listings. CCTV reported that Baidu had included unlicensed medical providers in its search results and sponsored links section.
- **Net263 was approved by government regulators this month to take at least 50 percent stake in U.S. voice over Internet protocol (VoIP) service provider iTalk Global Communications.** Net263 is expected to spend more than US\$10 million in cash buying newly issued iTalk shares with US\$7.5 million spent on an initial 33 percent. Net263 signed a related cooperation agreement with iTalk on September 27, 2008 after beginning negotiations with the company in August 2007. Net263 offers services for long-distance and conference calling and corporate and personal email.
- **Ninetowns' business-to-business (B2B) e-commerce site Tootoo.com announced the release of B2B site Tootoomart.com.** Tootoomart.com caters to domestic sellers and international buyers with more than 150,000 customers. Ninetowns reported a net loss of US\$4.2 million on revenues of US\$7.4 million for the first half of 2008. Enterprise software sales accounted for 78 percent of total revenues, while Tootoo.com brought in US\$0.2 million.

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



Week of 15 December - 21 December, 2008

Telecommunications

- **ZTE has been awarded a 55 percent share of a value-added services (VAS) tender by China Unicom.** Under the terms of the agreement, the Chinese equipment vendor will supply the operator with nodes for its ringback tone platform, MMS management platform and WAP services management gateway. Together these elements make up the bulk of the VAS revenues generated on Unicom's GSM network. China has more than 1.3 billion population which provides us an enormous opportunity. The deal will enable Unicom to extend its VAS offerings nationwide. Since announcing the reorganization of its telecoms industry in May, Chinese operators have awarded a raft of new contracts to a number of equipment makers as they gear up for tougher competition. China Telecom at the beginning of December awarded a US\$230 million CDMA upgrade deal to Alcatel-Lucent.
- **Chinese telecom operators will spend about US\$41 billion on next generation (3G) mobile networks over the next 2 years.** China will support the development of core microchips, terminals and testing equipment as it expands network coverage, Minister of Industry and Information Technology Li Yizhong said that at least US\$29.2 billion would be spent on 3G next year alone, while long-awaited licenses would be awarded by early next year. Beijing is developing its own TD-SCDMA 3G standard to promote domestic industries and technology and to avoid the hefty royalties demanded by foreign companies that own the rights to the technologies that are commonly used around the world, WCDMA and CDMA 2000. China Mobile will get a licence for TD-SCDMA.

Media, Entertainment and Gaming

- **CDC Corporation's online game subsidiary CDC Games announced that its licensed 3D MMORPG "Yulgang" recorded 400,000 peak concurrent users by December.** The game recorded 200,000 peak concurrent users on September 1, 2005. CDC Games had recorded more than 400,000 gamers but did not specify if the users were concurrent after Yulgang expansion "The Magic Labyrinth of Ice" was released on October.
- **Kingsoft entered an agreement to buy 30.03 percent stake in Sky Profit, owner of "iSpeak Voice Chat" software and game user community iSpeak.cn for US\$8 million.** Kingsoft and Sky Profit will offer shared user registration and logins, while Sky Profit will embed Kingsoft game channel buttons into its client software and Kingsoft will promote the installation Sky Profit client software six months after the first closing of the deal. Second closing payment is contingent upon Sky Profit recording 450,000 daily average peak concurrent users of its client software and achieving positive operating net cash flow for the 5 months ending May 31, 2009, among other things.

Alternative Energy

- **Sanya expects its thin-film solar cell industry to reach annual production capacity of 50MW and annual output value of 1.5 billion yuan (US\$219 million) by the end of 2010.** Between 2011 and 2012, the city is targeting annual production capacity in the thin-film solar cell industry of 100MW and annual output value of 5 billion yuan (US\$731 million); the target jumps to 300MW and 12 billion yuan (US\$1.8 billion) between 2013 and 2015.

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



Week of 15 December - 21 December, 2008

Taiwan

Telecommunications

- **Taiwan's government and Sprint Nextel Corp. signed a memorandum of understanding, under which the U.S. telecom operator will cooperate with Taiwan to establish global roaming standards and interoperability testing for WiMAX technology.** The cooperation will allow Taiwan's WiMAX networking and equipment providers to run interoperability tests locally instead of sending products to the U.S. for testing. WiMAX, or Worldwide Interoperability for Microwave Access, is a high-speed wireless broadband technology that was first commercially launched by Sprint Nextel. It allows users to access the Internet on the go via mobile devices. The company hopes the collaboration will help increase WiMAX's global reach, especially since Taiwanese companies make the majority of WiMAX-related products.
- **China Unicom (Hong Kong) Ltd. rose sharply on its plan to buy assets from its parent for 6.43 billion yuan (US\$939 million), which will complete its transformation into a national wireless and fixed-line operator and expand its reach into rival China Telecom Corp.'s southern China.** While the deal gives the company nationwide coverage for its fixed-line and higher-revenue mobile and broadband services, it will only give a short-term boost to its shares as the assets will make a small profit contribution.

Semiconductor

- **Mediatek Inc. was unaware of attempts to buy a stake in the company by China Telecom, amid reports the Chinese operator may be interested in a tie-up or acquisition.** Media in China and Taiwan reported that China Telecom had been buying shares in Mediatek on the open market, with its eye on an eventual outright acquisition or strategic tie-up. Mediatek officials were not available for further comment.

Hong Kong

Telecommunications

- **Richard Li's US\$2 billion plan to buy out minority shareholders in PCCW Ltd. suffered a blow after shareholder advisory firm Glass, Lewis and Co. advised independent shareholders to reject the offer, citing a low offer price and a lack of compelling strategic rationale for the deal.** Li, PCCW's chairman, and China Network Communications Group Corp., a major PCCW shareholder, have offered HK\$4.20 (US\$0.54) a share to take PCCW private in an arrangement that could cost as much as HK\$15.49 billion (US\$2 billion). Shareholders are scheduled to vote Dec. 30 on the proposed buyout. To succeed, Li will need to secure the support of 75 percent of PCCW's minority shareholders casting votes, and those voting against the deal must account for less than 10 percent of the votes.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **The Australian government has dumped Telstra Corp. from a tender process to build a multi-billion-dollar national high speed broadband network.** Telstra's incomplete submission for the network, lodged last month, failed to outline how small and medium businesses can contribute to the network, one of the key requirements in the tender process. Telstra, the nation's dominant

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



Week of 15 December - 21 December, 2008

telecommunications company, slammed the decision as "trivial" and will look at its options. The development could put Singapore Telecommunications Ltd. in the box seat to build the network, but could also throw the government's plans to have a network built soon into disarray. Both the government and Telstra are likely have more cards to play before their high stakes game is over. But for now the government is closing the door on Telstra's participation in the tender process.

United States/Canada

Mobile/Wireless

- **Research In Motion Ltd. forecasts fourth-quarter sales that topped analysts' estimates, buoyed by demand for new handsets.** Revenue in the period ending Feb. 28 will be as much as US\$3.5 billion, according to the company. That compares with the average analyst estimate of US\$3 billion. Research In Motion released 2 new models in the U.S. last month: the Bold, for AT&T's network, and the touch-screen Storm, for Verizon Wireless, as it seeks to expand beyond its traditional base of corporate users. The new products are selling better than expected.

Telecommunications

- **Nortel Networks Corp. has US\$2.6 billion in cash and no debt to pay until 2011, conditions that would seem to take the Canadian maker of telecommunications equipment easily through even a rough 2009.** There are unknowns in the company's financial equation, ranging from questions about its pension deficit to the availability of debtor-in-possession financing, normally available to help companies keep operating while under protection from creditors. Nortel has been reeling from the sudden drop in demand for its voice-only wireless equipment, cutting costs and trying to sell assets to survive the recession. Nortel has been working with restructuring advisers at Lazard and Co.; its bankruptcy counsel is Cleary Gottlieb Steen and Hamilton LLP in New York.
- **BCE sued the Ontario Teachers' Pension Plan over the private equity group's failed attempt to acquire the company.** The Canadian telecom is claiming the C\$1.2 billion break-up fee from the deal originally valued at C\$51.1 billion (US\$42.1 billion) that was announced back in 2007. BCE is demanding C\$704.4 million (US\$579.7 million) directly from Teachers, and the remaining balance from Providence Equity and Madison Dearborn – its acquisition partners. Despite BCE's demand for payment, each defendant has failed or neglected to make the required payments to BCE. The deal would have been the largest ever leveraged buyout, but it collapsed last week after BCE's accountants at KPMG said the bought-out firm would have such a large debt burden that it would fail a solvency test. A positive solvency opinion was one of the conditions needed by the deadline for the deal to proceed.
- **Manitoba Telecom Services Inc. expects to deliver results for this year that are in line with the guidance range provided.** It has received a commitment from a group of Canadian banks to boost the size and extend the term of its syndicated credit facility, giving it sufficient liquidity for its 2009 and 2010 refinancing needs. The Winnipeg-based telecommunications company's 2008 guidance calls for revenue of C\$1.92 billion (US\$1.6 billion) to C\$1.98 billion (US\$1.6 billion), EBITDA of C\$660 million (US\$544.1 million) to C\$680 million (US\$561 million). Its 2009 outlook is for revenue in a range from C\$1.90 billion (US\$1.6 billion) to C\$1.98 billion (US\$1.6 billion), EBITDA of C\$645 million (US\$532 million) to C\$685 million (US\$565 million). Free cash flow is projected in a range of C\$250 million (US\$206.1 million) to C\$280 million (US\$231 million) for both years.

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



Week of 15 December - 21 December, 2008

- **UTStarcom Inc. announced plans to lay off 10 percent of its global workforce, approximately 460 employees, and wind down its Korean handset manufacturing operation by July 2009 in a plan to reduce annual operating expenses by more than 25 percent or US\$100 million.** UTStarcom will incur a restructuring charge of about US\$8 million in the fourth quarter of 2008 for severance packages in connection with the 10 percent layoff, which will take place in the fourth quarter and the first quarter of 2009. For the Korean operation, UTStarcom will incur a restructuring charge of approximately US\$10 million in the fourth quarter.

Internet

- **Google Inc.'s effort to install servers at cable and telecommunications companies to speed up delivery of the search giant's content doesn't contradict its position that all Web traffic should be treated equally by Internet service providers.** Google had installed servers with a limited number of ISPs around the world to help deliver Web pages and videos to users more quickly. The test program, which went live at the beginning of 2008, speeds up delivery because it enables Google to store its content on servers that are physically much closer to users. Google was responding to a report in The Wall Street Journal that questioned whether this effort undercut the company's promise to fight for network neutrality. Net neutrality is a concept that states network providers shouldn't give preferential treatment to traffic based on the source, ownership or destination of the content.
- **Yahoo Inc. will cut the time it stores personally identifying data about users' online searches to 90 days, amid pressure from privacy advocates and legislators.** The Internet portal, which had previously stored such data for 13 months would make exceptions in cases of fraud or security concerns, in which case it may keep users' data for six months. The company will scrub user data not just on Internet searches but also on page views and ad clicks. When Internet users look for information on the Web they leave an electronic trail, which all online companies keep for a certain amount of time. Search-engine companies, which have been under pressure from privacy groups and legislators to eliminate much of the personal user data they collect, have countered that retaining such data is necessary to improve the quality of their services.

Business Process Outsourcing

- **Accenture Ltd. said first-quarter profit rose 26 percent after the company won more outsourcing contracts.** Net income increased to US\$479.9 million, or 74 cents a share, from US\$381.3 million a year earlier. Sales rose 6.1 percent to US\$6.02 billion. Accenture is fending off the worldwide economic slump, capturing new clients and helping existing ones make the most of shrinking budgets. Outsourcing sales rose 7 percent to US\$2.36 billion, and Accenture won more consulting work from communications and energy companies. Still, Accenture lowered its full-year revenue and profit forecast, with Chief Executive Officer William Green citing "market uncertainty" and a larger-than-expected negative effect from currency.

Software

- **Oracle Corp. met analysts' estimates with its second- quarter profit and third-quarter forecast as support contracts made up for slumping orders of new programs.** Second-quarter net income was US\$1.3 billion the same as a year earlier. Excluding costs from acquisitions and stock-based compensation, profit was 34 cents a share in the period ended Nov. 30. Chief Executive Officer Larry Ellison has spent more than US\$34.5 billion to acquire companies and add customers, giving Oracle a reliable source of revenue from support contracts. Most clients automatically renew those agreements,

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



Week of 15 December - 21 December, 2008

contributing to profit even when new product sales slow. For every dollar Oracle got last quarter from product sales, it reaped US\$1.80 from maintenance deals.

- **International Business Machines Corp., Sun Microsystems Inc. and SAP AG may be among the hardest hit technology companies in 2009 as spending on computers, software and services drops for the first time in six years.** Spending will decline 4 percent, led by an 8 percent slump in developed markets, Goldman Sachs Group Inc. estimates. The first quarter may be one of the worst ever for software makers, which may cut 5 percent of workers or more in 2009. A worsening economy and the bankruptcies of Wall Street icons such as Lehman Brothers have prompted companies in all industries to curb purchases and preserve cash. While demand has slowed, budget cuts haven't yet had their full impact on technology orders, Gartner Inc. The U.S. economy, in a recession for a year, may suffer its longest slump in the post-World War II era as job losses mount. The economic decline will cause companies to cut technology budgets in the U.S., Western Europe, Canada and Japan.

Hardware

- **Cisco will introduce blade server to compete with HP and IBM next year.** Some industry executives in Silicon Valley say that Cisco next year will introduce its first product that competes with those of big computer makers - a blade server system, code-named California, that is expected to combine networking hardware with virtualization software and storage systems. The 2 companies spent decades building up strong relationships with customers so this is a formidable hill for Cisco to climb. Behind the scenes is a trend requiring computers and other hardware to work better together. As large businesses and Internet companies such as Google and Yahoo look to foster a greater dependence on services and software accessed over the Internet, the trend has created systems that are difficult to manage and monitor. Such customers want equipment that has long been separate -like storage, computing and networking hardware to operate much more cohesively.
- **Palm Inc. reported a sixth straight loss after taxes rose and its Treo and Centro phones faced mounting competition from Research In Motion Ltd.'s BlackBerry and Apple Inc.'s iPhone.** The second-quarter net loss widened to US\$506.2 million from US\$8.85 million a year earlier, according to the company. Revenue fell 45 percent to US\$191.6 million. Palm's phones are losing customers to newer devices from Research In Motion and Apple, while the global recession crimps demand. The company delivered 13 percent fewer smart phones in the quarter and revenue from that unit, the company's largest, fell 39 percent from a year earlier.

Europe

Media, Gaming and Entertainment

- **Virgin Media Inc. is launching the U.K.'s fastest broadband Internet service.** The company, which operates in the U.K., launched 50 megabit broadband, which will allow albums to be downloaded in 11 seconds and films in just over three minutes. The service will cost as much as 51 pounds (US\$76.5) a month for new subscribers, or 35 pounds (US\$52.5) a month when taken with a phone line. By the end of the year, 40 percent of its customers will have access to the new high-speed broadband, and by summer 2009 all of the 12.6 million homes covered by its fiber optic network will have access to the service.

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



Week of 15 December - 21 December, 2008

- **Virgin Media Inc. had appointed Jerry Elliott chief financial officer with effect from Jan. 5.** Elliott was previously chief operating officer and chief financial officer of educational publisher Cengage Learning, and was also chief executive of U.S. cellular tower operator Global Signal. interests.

Mobile/ Wireless

- **Vodafone has partnered with music-themed social networking Website Last.fm, which will allow users to access the application on their handsets.** The deal includes access to one of Last.fm's key functions, Scrobble, which builds users an online music profile based on their listening habits that can be shared with other members. Customers in Germany will be able to click through to Vodafone's music store to buy music recommended by Last.fm. With this partnership Vodafone will also benefit from the opportunity to tap up the Last.fm community, which has a membership of 25 million users spread across more than 200 countries.

Telecommunications

- **France Telecom SA's Orange, Vivendi SA's SFR and Numericable signed an agreement for the deployment of a fiber-optic network in France.** Meantime, the government launched a steering committee for the deployment of such a network, which enables high-speed internet access, in order to reach an agreement among all operators by March 2009. The committee will be supervised by French telecommunications regulator Arcep. France Telecom and Vivendi had signed an agreement on the deployment of a fiber-optic network in September while Iliad SA so far has not joined an agreement. The agreement signed was open to all other operators who wish to join, and the government is encouraging all operators to work together.
- **Telenor hints at possible end to Kyivstar shareholder dispute.** A shareholder meeting has been held at Ukrainian mobile operator Kyivstar, which it part-owns, marking a potential first step towards ending the long-running shareholder disputes at the company. Telenor, which owns 56.5 percent in Kyivstar, has so far not been able to consolidate the group's operations into its earnings because Alfa Group unit Storm which owns the remaining 43.5 percent has refused to attend board meetings. Kyivstar has not paid any dividends since the shareholder conflict started in 2005. The shareholder meeting is a first move towards resolving these issues, although more needs to be done, including an external audit which may take a couple of months to achieve.
- **Telecomunicacoes de Sao Paulo SA, or Telesp, will maintain its investment plans for 2009 despite the global credit crunch.** Telesp expects to spend a little more than 2 billion Brazilian reais (US\$851 million) on investments in 2009. That would be slightly more than the BRL2 billion set aside for 2008 investments. Valente made the comments at a company event in Sao Paulo. The company secured a loan of 2.5 billion reais (US\$1.1 billion) from the state-run Brazilian Development Bank, or BNDES, in 2007. The loan greatly helps the company's financial position.
- **Portugal Telecom SGPS SA said its Pay-TV service has over 300,000 customers. Net additions since the start of the fourth quarter are over 89,000 clients.** PT's Pay-TV service has been driving a turnaround in its wireline division, which had suffered from rising competition in Portugal's fixed telephony and broadband markets. PT added 95,000 new Pay-TV customers in the third quarter compared with the second quarter.

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



Week of 15 December - 21 December, 2008

Middle East

Mobile/ Wireless

- **Industry body sees Arab countries widening growth gap with Europe, North America next year.** Mobile subscription rates in the Middle East are set to grow by 15 percent in 2009 despite the global economic slowdown, the region's representative body for wireless industry GSM. Mobile broadband technologies are likely to increase in importance in 2009 because countries will see greater benefits to developing knowledge economies as commodity prices fall. Mobile penetration in Arab countries reached 56 percent at end of the second half of 2008, although this figure is much higher across Gulf Cooperation Council markets. More mature markets are expected to see a surge in wireless broadband usage as operators look to develop their networks and drive an increase in data traffic levels in 2009 and some economies in the Gulf are already seeing a surge in the use of Wi-max and broadband technology.

Telecommunications

- **Lebanon has postponed the privatisation of its 2 mobile operators, citing global market conditions.** The delay, the latest to hit the long-awaited privatisation, was expected. The 2 Lebanese mobile providers - MTC Touch, owned by Kuwait's Zain, and Alfa – currently operate under management contracts with the government. Plans to liberalise the market have been in place for a number of years, but have been subjected to repeated delays. The state had planned to sell off majority stakes in each of the operators and conduct an IPO. The proceeds were to be used to pay down Lebanon's hefty public debt. Reforms will include network expansion for both players, and a reduction in tariffs, which have always been high in Lebanon due to the structure of the market.

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



Week of 15 December - 21 December, 2008

Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/19/08)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2008	% Change 1/1/2007
Japanese yen	¥/US\$	89.2700	-2.0%	-6.5%	-20.7%	-25.0%
Hong Kong dollar	HK\$/ US\$	7.7502	0.01%	0.003%	-0.7%	-0.4%
Chinese renmenbi	RMB/ US\$	6.8440	0.0%	0.3%	-6.3%	-12.3%
Singapore dollar	S\$/ US\$	1.4590	-2.0%	-3.5%	0.9%	-5.1%
South Korean won	KRW/ US\$	1,282.0000	-6.4%	-12.7%	37.0%	37.8%
New Taiwan dollar	NT\$/ US\$	32.5000	-2.2%	-2.4%	0.0%	-0.3%
Australian dollar	US\$/A\$	0.6810	2.8%	3.9%	-22.1%	-13.6%
New Zealand dollar	US\$/NZ\$	0.5754	5.3%	4.6%	-25.6%	-18.3%
Philippine peso	PHP/ US\$	46.6000	-2.9%	-4.6%	13.1%	-4.9%
Euro	US\$/€	1.3915	4.1%	9.6%	-5.4%	5.4%
British pound	US\$/£	1.4925	0.0%	-2.9%	-25.1%	-23.8%

Fixed Income Prices and Yields

Note	Currency	Current (on 12/19/08)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	140.14	2.55%	128.12	3.05%	114.5	3.69%
Japan 30-year	¥	106.82	2.03%	102.95	2.24%	103.25	2.22%
Hong Kong 10-year	HK\$	102.12	1.39%	99.80	1.64%	119.43	1.39%
China (06/16)	US\$	108.35	3.41%	111.95	2.92%	111.95	2.92%
Singapore 10-year	S\$	116.97	2.06%	117.55	2.00%	114.61	2.32%
South Korea 20-year	KRW	9,470.89	5.98%	9,470.89	5.98%	9,470.89	5.98%
Australia 15-year	A\$	116.17	4.07%	113.02	4.38%	108.99	4.78%
New Zealand (12/17)	NZ\$	107.16	5.00%	107.87	4.91%	103.92	5.45%
Philippines 20-year	PHP	86.75	11.17%	81.83	11.90%	69.24	13.03%
India 30-year	INR	121.26	6.64%	115.99	7.01%	105.46	7.84%
UK 30-year	£	116.27	3.83%	111.28	4.09%	109.2	4.21%
Germany 30-year	€	113.45	3.52%	109.19	3.74%	103.92	4.02%

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