



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

***Week of 9 February 2009 - 15 February 2009***

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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 (2/13/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	826.84	-4.8%	-5.0%	-8.5%	-43.7%
Dow Jones Industrial Avg.	7,850.41	-5.2%	-7.4%	-10.6%	-40.8%
Dow Jones Tech. Index	254.94	-3.2%	0.8%	1.4%	-44.5%
Dow Jones Telecom. Index	178.95	-3.4%	-6.9%	-10.4%	-42.9%
NASDAQ Composite	1,534.36	-3.6%	-0.3%	-2.7%	-42.1%
The Street.com Net	7,779.40	-3.7%	-12.0%	-12.2%	-50.3%
Japan Nikkei 225	42.27	-0.9%	-9.7%	-12.3%	-41.4%
JASDAQ	316.74	-4.6%	-5.5%	-2.1%	-59.6%
Japan Mothers	1,192.44	-1.5%	3.1%	6.0%	-37.1%
Korea KOSPI Composite	395.69	4.5%	12.6%	19.2%	19.2%
Korea Kosdaq	4,592.50	2.7%	3.1%	0.0%	-46.0%
Taiwan Stock Exchange	1,828.20	-1.6%	2.9%	3.8%	-47.2%
Singapore Strait Times	13,554.67	-0.7%	-3.0%	-5.8%	-51.3%
Hong Kong Hang Seng	376.78	4.0%	3.6%	-2.3%	-72.1%
Hong Kong GEM	2,436.35	6.4%	22.1%	27.4%	-55.9%
China Shanghai (A-Share)	789.05	11.4%	27.5%	35.7%	-48.1%
China Shenzhen (A-Share)	147.60	8.4%	23.5%	33.1%	-59.7%
China Shanghai (B-Share)	327.37	8.4%	15.4%	20.7%	-53.9%
China Shenzhen (B-Share)	826.84	-4.8%	-5.0%	-8.5%	-43.7%

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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*

- **According to the latest Cisco Visual Networking Index (VNI) forecast, global mobile traffic is more than doubling every year, and reach 2 exabytes a month in 2013 where 64% of all mobile traffic will be video.** The survey says mobile data and video traffic are growing at a faster rate than the internet at a comparable period. Mobile data will grow from 1 petabyte (1,000 terabytes) per month to 1 exabyte (1,000 petabytes) per month in half the time it took fixed data traffic to do so. In the seven years from 2005 to 2012, mobile data traffic will have increased a thousand-fold. It took 14 years for the internet to grow from 1 petabyte per month to 1 exabyte per month. Cisco said that with a compound average growth rate (CAGR) of 150% between 2008 and 2013, mobile video has the highest growth rate of any application category ever measured by the Cisco VNI. By 2013, Asia Pacific will account for one-third of all mobile data traffic, and together with western Europe and Asia Pacific will account for over 60% of the global total.

### Japan

#### *Hardware*

- **Panasonic Communications Co. has decided to shut down in June two domestic factories that develop and manufacture business-use fax machines, including digital multifunction devices.** The Panasonic Corp. unit employs slightly more than 850 people at the two factories in Utsunomiya, Tochigi Prefecture, and Ojiya, Niigata Prefecture. These workers will be offered jobs at Panasonic Communications' headquarters in Fukuoka and at a cordless-telephone factory in Tosu, Saga Prefecture. Those who choose not to make the long-distance moves necessary to take up the new postings will be offered early retirement packages.
- **Pioneer Corp. will cut 10,000 jobs as lower-than-expected sales of car electronics and unprofitable television operations force it to project a wider annual net loss.** The company will withdraw from the TV business by March 2010 and cut 10,000 jobs worldwide, including 6,000 full-time positions. The net loss will probably be 130 billion yen (US\$1.44 billion) in the year ending March 31. Pioneer joins Sony, Panasonic and NEC in forecasting losses and cutting jobs as the global recession curbs demand for consumer electronics. The company is relying on sales of car-navigation systems to restore profitability even as auto sales plunge.

#### *Semiconductors*

- **Elpida Memory has agreed to integrate its operations with three Taiwan chipmakers in an attempt to survive severe slumps in demand and prices.** Elpida will tie up with Powerchip Semiconductor Corp., ProMOS Technologies Inc and Rexchip Electronics Corp. The integrated entity would be the world's second-largest DRAM maker after South Korea's Samsung Electronics Co. It also would be the first integration of a Japanese chipmaker with foreign firms. The deal would likely allow Elpida to tap the financial assistance Taiwan is considering for its ailing semiconductor industry. Elpida may also apply for help from an industry rescue plan being considered by the Japanese government. Elpida President Yukio Sakamoto is expected to sign a basic agreement with the Taiwan chipmakers and the Taiwan government.

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## *Telecommunications*

- **The open offer by Japan's NTT DoCoMo Inc. and India's Tata Sons Ltd. for a 20 percent stake in Tata Teleservices (Maharashtra) Ltd. will start Feb. 19 and close March 12.** The last day for revising the open offer price is Feb. 27. The open offer had earlier been deferred due to a delay in getting regulatory clearance. NTT DoCoMo had agreed to buy a 26 percent stake in unlisted Tata Teleservices Ltd. for about US\$2.7 billion. It had also agreed to make a joint open offer for shares in Tata Teleservices (Maharashtra), the listed unit of Tata Teleservices with Tata Sons.

## *Internet*

- **NTT and Microsoft have teamed up to jointly market online ads on major Web portals starting in April, the Nikkei business daily reports.** The companies aim to forge a broad alliance which will eventually include social-networking sites, targeting advertising revenues of 20-30 billion yen (US\$220 million to US\$330 million) in five years. Currently slated to participate are NTT-operated portals goo, OCN and plala; Microsoft's MSN; the gateways of So-net Entertainment Corp. and Nifty Corp.; and Dwango Co.'s Nico Nico Douga video-sharing site. The NTT-Microsoft camp currently ranks the second in Japan, far behind the industry leader Yahoo! Japan, but ahead of Google. The joint marketing effort will focus on banner ads, with orders placed through the alliance distributed to all of the participating sites. NTT and Microsoft will also work together to develop ways to get a better grasp of ads' effectiveness. Amid the current economic slowdown, with companies cutting back advertising expenses, Internet companies which count on online ad revenues are seeking to cut costs and improve operational efficiency.

## **Korea**

### *Telecommunications*

- **KT Corp. plans to increase the subscriber base for its Internet telephony service by six-fold by the end of this year.** KT's Internet-based telephone service allows people to talk over the phone more cheaply and transmit data over high-speed Internet connections. It hopes to boost the number of subscribers to two million from the current 330,000. Fixed-line telephone companies around the world are moving fast to adopt low-cost Internet telephone services to retain their customer base as people migrate to mobile-phone services. To meet the target, KT introduced a stylish telephone, equipped with a seven-inch touch screen, for the Web-based home phone service. The new device enables customers to watch video clips, listen to music files as well as Internet radio, the company said. It costs 297,000 won (US\$212).
- **SK Telecom has transferred its corporate creative account, worth US\$2 million, in-house following a pitch that included SK Marketing & Company and 10-year incumbent TBWA.** The move follows a recent senior management reshuffle within the South Korean telecoms operator that saw the appointment of a new chief executive and communications department. A source close to the account described the move as being apolitical issue, motivated partly by the need to cut costs in the face of the economic downturn, and partly a desire to maintain harmony within the group. The source added that a series of reviews for separate areas of SK Group's business were expected to take place under similar circumstances over the course of the year. TBWA continues to service a number of SK Group accounts, including the consumer branding for SK Telecom's T brand and SK Broadband, among others.

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## *Hardware*

- **LG Electronics Inc. aims to reduce expenses by three trillion won (US\$2.19 billion) this year by cutting manufacturing costs and unnecessary expenses, as part of efforts to address the current global economic weakness.** But the company said it hopes to avoid cutting jobs or capital investment. The company, South Korea's second-largest electronics maker by revenue after Samsung Electronics, offers a range of products, from mobile phones to refrigerators. LG Electronics is neither considering cutting its capital-expenditure budget this year nor slashing jobs. Rather, it hopes to increase its investment in research and development and marketing. The company mapped out its business blueprint for this year on the basis of an exchange rate of 1,100 won to the dollar. LG singled out plans to invest in future growth engines such as solar power and commercial air conditioners.
- **Samsung Mobile Display will begin the touch screen business within the first half of 2009. Touch screen business has been focused on the outsourcing business.** As the demand increases, major companies are preparing the mass production. Industry insiders said that Samsung Mobile Display will begin the mass production of touch screen for 2-inch mobile phones in June. SMD took over the STN-LCD line of Samsung SDI and has transferred the line to the touch screen production line. It will manufacture capacitive touch screen, not resistive overlay. As SMD prepares the mass production, other companies are concerned about the fierce competition with major companies. Indeed, Iljin Display, an affiliate of Iljin Group, acquired A-touch, a touch screen producer, and made the investment for mass production. It is preparing the supply of touch screen panels for mobile phones to Samsung Electronics.
- **The Samsung Group has reiterated that it has no plans to cut jobs despite the global economic slump.** The company will cut costs this year by three trillion won (US\$2.1 billion), but avoid layoffs at home. In the final quarter of 2008, Samsung Electronics Co., the group's flagship, suffered its first-ever quarterly loss as the global economic crisis froze demand for its mainstay products such as semiconductors, mobile phones and flat-screen televisions. The company posted a net loss of 20 billion won (US\$14.2 million) for the quarter.
- **LG Electronics Inc. plans to invest 1 billion yuan (US\$146 million) in China this year to expand its mobile phone businesses in the country.** The company said that, with the investment, it aims to expand distribution channels and brand promotions in China. LG also plans to introduce 60 new phone models in the country this year, including touch-screen models and phones with high-quality 5 megapixel or 8-megapixel cameras. Almost every mobile phone maker was hit by the global economic recession, said LG, adding that the company is still optimistic about its business growth in China as the demand in the country remains strong. LG has set the target of securing 5 percent-10 percent market share in China this year and becoming one of the Top 5 vendors in the country.

## **China**

### *Internet*

- **Sohu.com forecast first-quarter earnings per share ahead of analysts' expectations, but said it expected revenue slightly below the consensus view.** The company expected solid branding advertising revenue in the first quarter, which analysts said is reassuring investors that the company can still attract advertisers despite the economic downturn. Brand advertising is when a company pays to have their ad placed on a Web page for a designated amount of time, in contrast to search

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advertising, when a company is charged by the number of clicks its ads receive. Revenue jumped 86 percent to US\$121.6 million.

- **51.com will invest 100 million yuan (US\$14.65 million) in its soon-to-be-launched gaming portal over the next two years.** Funds will be spent on network improvement for its gaming portal, which is under internal testing and is scheduled to be launched by June 2009. There are currently 20 casual games developed by 51.com on the portal. The company aims to reduce its reliance on advertising and value-added services by launching the game portal. 51.com signed a contract with Huawei Technologies Co. Ltd. this month, under which the latter will provide technical support for the game portal. At the end of 2008, 51.com divided its business into three units covering SNS, gaming and instant messenger (IM) services.
- **Alibaba Group's online payment tool Alipay has released a Google Chrome-friendly environment where users of the Google browser can experience Alipay.** Alipay will become the first domestic third-party payment company to provide Chrome with payment solutions, but did not mention when the service would begin.
- **About.com China (Abang.com) has ceased its cooperation with EMG China in order to reduce costs.** The company signed with EMG in the second half of 2008, and would have spent less than 500,000 yuan (US\$0.1 million) on the partnership over the course of one year, according to an unnamed insider. Abang.com plans to take marketing in-house but has no plans to cut staff in the near future. About.com, a wholly-owned subsidiary of The New York Times, cut 19 employees, about 9.5 percent of staff, on February 5, reports Reuters. About.com China currently has 30-40 employees.

## *Mobile/Wireless*

- **Telstra bought a 67 percent stake in both China M and Sharp Point, two mobile content providers in China.** China M is a major consumer mobile content provider in the country, serving 350,000 customers per day. Sharp Point is the mobile music provider for China Mobile, the nation's largest telecommunications carrier. Telstra will pay or about 1.4 billion yuan (US\$197 million) for the deal. Pro forma sales from the two companies for fiscal year 2009 will be around A\$100 million (US\$66 million), with both EBITDA and EBIT positive, and Telstra expects the purchases will add to earnings per share from 2010. Sol Trujillo, chief operating officer of Telstra, stated that the company aimed at a profit of A\$1 billion (US\$659.6 million) from its Chinese business before 2013. China is a potential market for the company. The acquisition is expected to enable the company to fulfill the goal. As early as 2006, Telstra acquired 51 percent of SouFun.com Ltd. for A\$254 million (US\$167.5 million). After that, it bought Che168.com, IT168.com, Autohome.com.cn, and PCPop.com, for a total of A\$76 million (US\$50.1 million).
- **Intel Capital inked an agreement to invest in Zhejiang Enjoyor Electronic Co., Ltd., a traffic intelligence and medical digitization solution provider in China.** But, Intel Capital did not disclose how much it plans to inject into Enjoyor. In addition, Intel will join hands with Zhejiang on intelligence technology and mobile Internet in a bid to boost the application of mobile Internet equipment in traffic management and ease traffic jam. The company is Intel's second investment target in the software park of the Hangzhou Hi-Tech Industry Development Zone. Intel Capital invested US\$10.5 million in SUPCON Technology Co., Ltd. in 2007.
- **Motorola was the top CDMA mobile phone manufacturer in terms of CDMA mobile phone shipments in mainland China in December.** Motorola's handset shipments in mainland China surged by 2,100 percent month-on-month to reach 440,000 units in December. Samsung came second

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in the rankings, shipping 180,000 CDMA mobile phones to distributors in China in December. LG slid to third position, shipping 120,000 CDMA handsets, after ranking first in November. Chinese mobile phone manufacturer ZTE shipped 50,000 CDMA mobile phones in December, falling out of the top five CDMA mobile phone manufacturers by domestic shipments in December. On the GSM mobile phone domestic shipment front, Nokia, Samsung, Motorola, Cosun & CECT and Lenovo remained the top five manufacturers in December. Nokia shipped 3.15 million GSM mobile phones in China in December, up 8.6 percent month-on-month, followed by Samsung and Motorola, which shipped 1.81 million units and 850,000 units respectively. Chinese companies Cosun & CECT and Lenovo ranked fourth and fifth among the top five GSM mobile phone manufacturers by shipping 460,000 units and 410,000 units respectively.

- **The size of the Chinese mobile phone game market grew to as much as 32.21 million yuan (US\$4.7 million) during the final quarter of 2008, Analysys International, an Internet-based provider of business information about technology, media, and telecommunications in China.** Over the quarter, China's mobile phone game use base increased to 2.85 million. The main players were Troodon Entertainment Technology, Kongzhong Corp., and PearlinPalm Information Technology. The top three games by revenue were Legend of Song Dynasty of Troodon, Tian Jie Online of Kongzhong, and Fantasy i Era (transliterated) of PearlinPalm. Legend of Song Dynasty captured revenues of 4.4 million yuan (US\$0.6 million), with a market share of 13.6 percent.

## *Telecommunications*

- **China Unicom Ltd. has made progress in talks with Apple Inc. on selling the iPhone in China, and may start selling the third-generation phone in May.** China Unicom Chairman and Chief Executive Chang Xiaobing said in September the company was confident that Apple would sell the iPhone in China, and said his company was interested in selling it. The Chinese company will start offering 3G mobile services in the first half after the government awarded 3G licenses in January.
- **China Mobile Communications Corp. will begin the third round of bidding for its TD-SCDMA network equipment procurement, and plans to first promote the integration of TD-LTE and FDD-LTE.** The second phase TD-SCDMA network construction in 28 cities is not yet completed. Thus far the TD 3G services have been kicked off in 18 cities, and users in some of the cities have even begun making video calls. The third phase tender should be delivered quickly and the TD-SCDMA network would cover more than 200 cities. The 3GSM 2008 Mobile World Congress would be held next month, and LTE would be the key topic of the congress. China Mobile would spare no effort to push forward the 4G LTE technology and take the lead in promoting the integration. China Mobile has asked its TD device manufacturers to provide TD devices, which can realize the smooth evolution from 3G to LTE.
- **AsiaInfo Holdings Inc. recorded net income of US\$2.2 million, compared to US\$8.5 million in the year-ago period and US\$6.1 million last quarter, for the fourth quarter of 2008.** Basic earnings per share were US\$0.05, compared to US\$0.15 in the fourth quarter of 2007. The company previously lowered fourth quarter guidance on investment-related non-cash impairment charges of US\$6.6 million. AsiaInfo's total revenues were increased 31.7 percent year-on-year and 19.8 percent quarter-on-quarter to US\$53.7 million for the quarter. IT security-focused unit Lenovo-AsiaInfo contributed 22.2 percent, or US\$11.9 million, of total revenue. For the first quarter of 2009, AsiaInfo will have the net income from continuing operations per basic share between US\$0.12 and US\$0.13 and net revenue of US\$43-45 million.

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- **Huawei Technologies and Vodafone Group Plc inked an agreement in the U.K. in a bid to deepen their strategic partnership.** The two parties have joined hands in many countries in recent years. The construction of 3G network in Turkey is one of their important projects at the moment. The 3G network is expected to cover Turkey's major cities within five years. Based on its advanced 3G technology, Huawei will supply Vodafone with high-speed voice and data services to help the latter improve its competitiveness in Turkey.
- **China Unicom has begun a two month-long marketing campaign to drum up 600 million yuan (US\$87.8 million) in revenue from its mobile Internet service.** China Unicom will partner with WAP portals, including Sohu, Kong.net, Sina and Tencent as well as the developer of popular Chinese mobile Web browser, UCWeb, during the campaign. The operator will spend 3 million yuan (US\$438,910) on Internet advertising for the campaign. China Unicom is preparing for the launch of 3G services, such as mobile music downloads, mobile email, 3G WAP, 3G MMS and Java services, although these services will not be available by April 2009.

## *Media, Entertainment and Gaming*

- **China's handset online game subscribers reached 2.85 million in the fourth quarter of 2008.** The handset online game market size topped 32.21 million yuan (US\$4.7 million) in the fourth quarter last year. China's handset game market size is expected to hit 4.2 billion yuan (US\$0.6 billion) by 2011, with the compound annual growth rate amounting to 147.9 percent from 2003 to 2011. The compound annual growth rate of telecom carriers' revenue in 2003-2011 is estimated to top 143.9 percent, and that of SP revenue, 348 percent, thanks to the development of handset online games, users' increasing demand on entertainment, and the commercialization of 3G networks.

## *Hardware*

- **Suning Appliance is to set up 3G mobile phone counters in nearly 20 flagship outlets in Beijing, teaming up with China Mobile to expand the 3G market and offer 3G mobile phone business consulting services, disclosed an executive from Suning.** The appliance retailer has clinched procurement agreements with major mobile phone makers. It plans to procure 100,000 3G mobile phones, which will be available before May 17, 2009. Suning gained priority to provide 3G service subscribers with China Mobile's 188-prefix mobile phone numbers. China's mobile phone market is expected to grow 7.7 percent to 240 million units or so this year, in contrast to an estimated 10.7 percent decline in global mobile phone shipments. The sales volume of 3G mobile phones will be likely to hit 8 million.

## *Semiconductor*

- **JA Solar Holdings Co. Ltd. has lowered 2009 revenue guidance to between US\$830-952 million, down from guidance of US\$1.5-1.7 billion announced in November 2008, due to tightening credit and falling demand.** The company lowered 2009 targets for total production output and nameplate production capacity by year-end to 500-550MW and 875MW, respectively, from targets of 800MW and more than 1GW announced in November.

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## Taiwan

### *Telecommunications*

- **Chunghwa Telecom Co. said its unaudited net profit in January fell about 5.5 percent.** The company didn't provide last year's figure for comparison, but it previously reported an unaudited net profit of NT\$4.7 billion (US\$138 million) for January 2008. Revenue in January fell 3.3 percent. The company's revenue from mobile phone calls fell 2.10 percent, while Internet service revenue dropped 2.3 percent. Fixed-line revenue fell to NT\$2.8 billion (US\$82.5 million).
- **VIA Telecom Inc. has received more than 10 million orders from handset makers on the mainland to supply mobile phone chips to them.** Mainland handset makers, including Beijing Tianyu Communication Equipment Co and Lenovo Group Ltd, have ordered chips from VIA Telecom. VIA Telecom is expected to ship more than 10 million CDMA2000 chips this year, compared to more than 4.5 million units last year.

### *Semiconductor*

- **Advanced Semiconductor Engineering (ASE) forecast its first-quarter sales would drop 35-40 percent from the fourth quarter amid slowing demand for electronics products.** ASE also expects to post a loss in the first quarter. The company expects its capital expenditures this year to total about US\$150 million.

### *Hardware*

- **Asustek fell into the red in the fourth quarter of 2008, and announced modest sales targets for the first quarter as it works to clean up its swollen inventory.** Asustek booked a net loss of NT\$2.8 billion (US\$82 million) for the October-December quarter, its first quarterly loss since going public in 1996. The company also gave relatively modest sales forecasts for the first quarter, saying it aims to ship roughly 800,000 notebook PCs, 1 million of its Eee PC line of netbooks and 4.5 million to 5 million motherboards. The company is aiming to reduce its inventory days to 40-50 by the end of the first quarter from 60-70, and that it is aiming to reduce its operating expenses by 10 percent.

## Hong Kong

### *Media, Gaming and Entertainment*

- **Out-of-home advertiser Clear Media recorded 2008 net profit increased 17 percent.** Total revenues increased 26 percent year-on-year for the quarter, with bus shelter ad sales increased 26 percent. Clear Media booked net profit of HK\$68 million (US\$8.8 million) on revenue of HK\$600 million (US\$77.4 million) in the first half of 2008. About HK\$50 million (US\$6.5 million) worth of company sales orders were cancelled in the second half of 2008 due to the macro environment and news that domestic milk powder contained melamine, a substance that can be harmful to humans if consumed. Clear Media recorded a one-time non-cash charge of about HK\$14 million (US\$1.8 million) for terminating non-core business in the second half of 2008. The company has signed orders to meet about 40 percent of its 2009 sales target, a smaller percentage than recorded the same time last year. Clear Media had 616 employees by the end of 2008, compared to 617 employees with 501 sales and marketing staff by the end of the first half of last year.

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## *Telecommunications*

- **Hong Kong mobile operators may launch the next-generation mobile network as early as 2011, which could provide mobile broadband services with download speeds of more than 100 megabits per second.** Telstra Corp-backed CSL, China Mobile Hong Kong and a joint venture between PCCW and Hutchison Telecom International were the winners of the city's broadband wireless access license auction held last month.
- **PCCW contract workers have threatened to strike over plans to slice wages by up to 10%. The company has slashed contract staff salaries by over 50% since 2002.** The Hong Kong carrier will make deep cuts in its contract worker budget, which will lead to lower wages for at least 1,500 workers, reports the South China Morning Post. The affected workers are expected to be mainly technical support staff.

## **Singapore/Malaysia/Philippines/Indonesia/India/Australia/New Zealand**

### *Telecommunications*

- **Singapore Telecommunications Ltd. said its fiscal third-quarter net profit fell 16 percent due to adverse foreign exchange rates and deteriorating market conditions.** The company is on the lookout for acquisitions, helped by its strong balance sheet. Net profit for the three months ended Dec. 31 was S\$798.9 million (US\$530 million). But the figure was better than the S\$774 million (US\$513.5 million). The company would make further cost cuts through measures like pay reduction if conditions worsen, but reiterated that jobs cuts would be a last resort. The strength of the Singapore dollar against the Australian dollar and major regional currencies weighed on its results. The Australian dollar's depreciation will negatively impact the company's consolidated revenue and operational earnings before interest, tax, depreciation and amortization for the fiscal year to March 31. SingTel, Southeast Asia's largest telecommunications firm by revenue, holds significant stakes in six foreign mobile operators: Bharti Airtel Ltd., PT Telkomsel, Advanced Info Service PCL, Warid Telecom, Globe Telecom Inc. and Pacific Bangladesh Telecom. The company operates in Singapore and in Australia through its unit, Optus.
- **The stakeholders of PT Telkomsel namely PT Telkom and SingTel (Singapore Telecommunication) have named Sarwoto Atmosutarno new president director of PT Telkomsel to replace Kiskenda Suriahardja.** The change has also been done in connection with a case of fraud on Telkomsel customers done jointly with content provider PT Cahaya Intiza Abadi.
- **The board of CAT Telecom replaced the chief of its CDMA project and suspended endorsing the management's plan to spend 300 million baht (US\$8.5 million) to purchase more 3G equipment for the mobile network.** The board's first priority, was the universal service obligation (USO), a mandatory requirement for the state telecom enterprise under the terms of its license from the National Telecommunications Commission. Any delay in complying with the USO would be subject to a fine.
- **True Corp.'s rights offering will make it easier for the company to refinance debt but might not be enough to raise competitiveness and support True Move in substantially financing the 3G wireless broadband network rollout on the 2.1GHz spectrum.** True Move still needed a partner to co-finance 3G service development. The subscription period for the rights issue began on February 2. True Corp chief executive officer Supachai Chearavanont believed the rights issue would receive a warm welcome from investors, given that the True group is very strong in convergent

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services. Its businesses range from cellular to pay-TV and broadband Internet. True Corp is seeking recapitalization in order to repay its debts and inject cash for True Move's business development. The recapitalisation will see up to 10 billion shares offered at Bt1.95 each in either a single tranche or multiple tranches to True Corp's existing shareholders in proportion to their holdings.

- **Telstra Corp. paid A\$302 million (US\$199 million) for controlling interests in two Chinese cellphone content and online music businesses.** Penetration is only about 50 percent. The acquisitions will accelerate the company's plans to achieve A\$1 billion (US\$659 million) in sales from its Chinese media assets by 2013. The group already owns Chinese online real estate, automotive and digital device businesses. Telstra may need to make more acquisitions to reach the A\$1 billion (US\$659 million) sales target. Telstra bought 67 percent stakes in both China M, a supplier of consumer cellphone content, and Sharp Point, which provides technical services for China Mobile's platform. The company will fund the acquisitions from existing cash facilities. Pro forma sales from the two companies for fiscal year 2009 will be around A\$100 million (US\$66 million), with both EBITDA and EBIT positive, and Telstra expects the purchases will add to earnings per share from 2010.
- **Telecom New Zealand's (TNZ) net profit fell 59% to NZ\$163 million (US\$83.9 million) last quarter due to asset charges and a slumping economy.** But the company believes performance is on track despite the credit crunch and has maintained its full-year guidance. In the first six months the financial year, TNZ recorded 5.5% lower EBITDA of NZ\$884 million (US\$455 million). It incurred impairment charges of NZ\$101 million (US\$52 million), and estimates that the economic crisis cost the company NZ\$10 million (US\$5.2 million) in lost income. Broadband penetration reached 50% of all access lines during the quarter, and TNZ added 11,000 new mobile subscribers and 61,000 pre-paid connections.

## *Mobile*

- **Shin Corp. is putting its 2009 capital expenditure plan on hold, except for 3G mobile broadband, due to the slowing economy.** Shin owns 43 percent of Advanced Info Service and a stake in satellite operator Thaicom. AIS has prepared US\$100 million to US\$200 million for the 2.1GHz license and Bt10 billion for the rollout of the 3G network on the 2.1GHz frequency. The budget is also for further development of the 3G service on AIS' existing 900MHz spectrum. The National Telecommunications Commission targets the third quarter for issuing 2.1GHz licenses. It is expected to reach a conclusion this on the number of licenses and the licensing method. AIS' competitor, Total Access Communication, has said it would spend Bt5 billion-Bt10 billion a year on the initial phase of its 3G network deployment. AIS would collaborate with its foreign strategic partner Singapore Telecom and also Singapore's state investment arm Temasek Holdings on 3G business development. SingTel owns 19 percent of AIS. Temasek owns Cedar Holdings and Aspen Holdings, which hold a combined 96 percent of Shin.
- **Total Access Communication PCL (DTAC) will attract 1.4 million-1.6 million new subscribers this year.** The number would be sharply lower than 2008's 2.9 million new subscribers. Johnson expects cash flow to increase to 12 billion baht (US\$342.8 million). TAC reported a 60 percent increase in 2008 net profit on lower financial costs and a temporary tax reduction. The company posted a net profit of 9.3 billion baht (US\$265 million).
- **Telkomsel is set to grab 15 million of the country's 30 million potential new cellular phone subscribers this year.** The subsidiary of state owned telecommunication company PT Telkom had around 66 million subscribers by the end of last year. The company would build a number of new base

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transceiver stations (BTS) to add to the 27,000 units it already had. The new BTS units were needed to support Telkomsel's plan to expand service coverage to maintain ahead amid tough competition in Indonesia's mobile phone sector.

- **StarHub Ltd. said its fourth-quarter net profit fell 11 percent due to a higher tax charge and warned of a tough year ahead.** Net profit for the three months ended Dec. 31 was S\$87.4 million (US\$58 million). The company recorded an S\$11.5 million (US\$7.6 million) tax charge for the quarter. It booked a S\$27 million (US\$17.9 million) tax credit during the fourth quarter of 2007, which led to a net tax benefit of S\$6.7 million (US\$4.4 million). Operating revenue for the quarter was S\$536.7 million (US\$356.1 million). The downturn in the global financial markets isn't expected to improve soon and its impact on consumers and businesses remains unknown. The company expects operating revenue for 2009 to record low single-digit growth from 2008 and that it intends to pay a minimum cash dividend of S\$0.045 (US\$0.029) per ordinary share per quarter this year, amounting to S\$0.18 (US\$0.12) for the full year.
- **DiGi, Malaysian mobile operator, boosted full-year revenue 10% to 4.8 billion ringgit (US\$1.33 billion) to post a 7% higher profit of 1.1 billion ringgit (US\$30.5 million).** Fourth-quarter revenue grew 5% to 1.2 billion ringgit (US\$33.3 million). DiGi's subscriber base grew to 7.1 million (US\$2.0 million) by year-end. The company's post-paid subscriber base grew 56% to pass the 1 million mark for the first time. ARPU remained unchanged at 59 ringgit (US\$15.5). DiGi did not provide guidance for the year ahead, warning that conditions would be challenging. But CEO Dennelind said the expected launch of 3G and mobile broadband during the year would open up new revenue streams.
- **Telenor expects an EBITDA loss of up to US\$370 million on its Indian 3G startup Unitech wireless this year.** Unitech Wireless is expected to spend a 5-6 billion kroner (US\$814 million) on its network this year and contribute slightly to organic revenues. Telenor said it would fund the new 3G business through cash flow and new debt, following the collapse of its attempted 12-billion kroner rights issue. It forecast a likely EBITDA loss of 2.0-2.5 billion kroner (US\$330 - US\$370 million) from Unitech. Separately, Unitech said it had signed 20-year tower sharing agreements with Tata Teleservices subsidiary Wireless-TT and Quippo Telecom Infrastructure Limited.

## *Hardware*

- **PT Pazia Pillar Mercycom, an Indonesian distributor of Samsung and Acer electronic products is set to chalk up a 43 percent increase in sales to US\$200 million this year from US\$140 million.** The company was optimistic it could achieve the target despite the global crisis, which had caused a setback in Indonesia's economy. The crisis would not affect the market of information technology as the people would need IT products all the more in the time of crisis, Yuliasiane said. Meanwhile PT Samsung Electronic Indonesia hopes to maintain its share of LCD monitors and printer markets in the country. Samsung LCD monitors were still the market leader and its printers had the second largest market share in Indonesia.

## **United States/Canada**

### *Media, Entertainment and Gaming*

- **Activision Blizzard Inc., reported fourth-quarter sales and profit that exceeded analysts' estimates but issued a 2009 forecast that fell short of projections.** For the fourth quarter, Activision reported a net loss of US\$72 million, or 5 cents a share, compared with profit of US\$86 million, or 15 cents, a year earlier. Net revenue was US\$1.64 billion, an almost fourfold increase

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following the company's combination with Vivendi SA's games unit in July. First-quarter profit excluding some items will be 3 cents a share which is below the 11-cent average of 21 analysts' estimates compiled by Bloomberg. Sales excluding some adjustments will be US\$550 million, below the US\$951.7 million projection. The results show Activision faces the same pressures as other companies in the video-game industry that have fired workers and closed studios to reduce costs. Chief Executive Officer Bobby Kotick called on console makers Sony Corp., Microsoft Corp. and Nintendo Co.

## *Telecommunications*

- **BCE Inc. increased its quarterly dividend by 5 percent.** The company will target a dividend payout of 65-75 percent of adjusted earnings per share. The company, which saw its leveraged buyout collapse in December, said it had a loss of C\$48 million (US\$38.9 million). Excluding restructuring and other items, earnings were C\$0.55 (US\$0.45) a share versus C\$0.72 (US\$0.58). The Thomson Reuters mean estimate was C\$0.50 (US\$0.40) a share. Overall EBITDA in the fourth quarter was up 3.9 percent from a year earlier. EBITDA at its key operating unit, Bell Canada, rose 3.0 percent to C\$1.4 billion (US\$1.1 billion). Free cash flow was down 0.6 percent from a year earlier. BCE's quarterly operating down 0.7 percent, while operating revenue at Bell Canada rose 0.2 percent. In the fourth quarter, its wireless segment had 80,000 postpaid net activations, or 3.9 percent more than a year earlier, with postpaid churn improving to 1.3 percent from 1.4 percent. Total net activations were 117,000 in the quarter, down from 195,000 a year earlier.
- **Telefonos de Mexico SA, will slash its capital expenditures for 2009 by about a third to 8 billion pesos (US\$559.5 million) due to a weak economy and regulatory red tape that is delaying its entrance in the pay-TV market.** The company had originally budgeted capital expenditures of around 12 billion pesos (US\$839 million) for this year. Telmex, as the company is also known, made capital expenditures of about US\$879 million last year, of which 76 percent went to expand its voice and data businesses. Telmex is more vulnerable to a recession in Mexico after it spun off of its faster growing international arm Telmex Internacional SAB into a separate publicly traded company in June. The Bank of Mexico has forecast an economic contraction of between 0.8 percent and 1.8 percent this year. Telmex is also eager to add pay-TV to its suite of broadband and phone services as it faces growing competition from rival fixed-line companies and cable TV operators like Megacable Holdings SAB that sell all three services. Telmex is ready to offer pay-TV as soon as it receives regulatory approval. Telmex says its arrangement with Dish Mexico is no different than the billing, collection and distribution services it provides for 980 government institutions and private companies.
- **Qwest Communications International Inc. posted a 50 percent decline in fourth-quarter net profit of US\$185 million as a result of a hike in the tax rate and the continued loss of fixed phone lines.** Revenue decreased 3.5 percent to US\$3.32 billion. Earnings and revenue, however, topped estimates set by analysts who had feared the company was especially vulnerable to the economic downturn because it lacked a wireless arm. The Denver telecommunications company's high-speed Internet business, in particular, held up well in the face of mounting job losses and home foreclosures. It also eliminated 1,700 jobs, more than the 1,200 jobs it initially planned to cut last year, indicating that it was ready to trim further expenses. The company, one of the three remaining Baby Bells, posted net income. The latest results included a 1-cent charge related to severance costs and also factored in a 17 percent hike in the tax rate.

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- **Nortel Networks asked the Ontario Superior Court for more time to restructure billions of dollars in debt.** Nortel had previously been granted a 30-day extension, which expires Feb. 13. A Nortel spokesman said late last week that the extension was necessary to provide stability to Nortel's business while the company works to prepare a restructuring plan to see it emerge as a more focused and competitive company. Since the bankruptcy filing, the company has exited the mobile Wimax business postponed the sale of its Metro Ethernet Networks business. The company employs around 30,000 people worldwide.
- **Sirius XM Radio said it may be forced to file for bankruptcy as early as Feb. 17 if it can't reach an agreement to refinance debt.** Sirius XM Radio is facing repayment on \$175 million in bonds next week. It exchanged some convertible bonds due in December 2009 for senior secured notes maturing in June 2011. The US\$175 million in bonds due Feb. 17 are held by Charles Ergen's EchoStar Corp., which has been buying some of Sirius XM's debt after the company turned down an unsolicited takeover offer, a person familiar with the plan said Feb. 10. Sirius XM Chief Executive Officer Mel Karmazin is also in talks with John Malone's Liberty Media Corp., which controls the satellite-television company DirecTV Group Inc., about a possible transaction, people with knowledge of that matter said. The New York Post reported that Malone has offered Sirius a bridge loan of several hundred million dollars to pay the debt maturing next week.

## *Hardware*

- **Research In Motion Limited (RIM) said fourth quarter earnings will come in at the low end of expectations, despite a spike in new subscribers.** The BlackBerry-maker expects net subscriber additions to be more than 20% above the 2.9 million forecast in December. But it said gross margin and earnings per share would be at the low end of the previously guided ranges, while revenue would likely be at or near the mid-point of its forecast. In December RIM forecast revenue of between US\$3.3 billion and US\$3.5 billion and earnings per share of 83 cents to 91 cents, ahead of analysts' expectations.
- **According to Bloomberg, Cisco Systems Inc., the world's largest maker of networking equipment, sold US\$4 billion of 10- and 30-year bonds in its second debt offering since becoming a public company in 1990.** The senior notes are rated A1, the fifth-highest level of investment quality, by Moody's Investors Service and an equivalent A+ by Standard & Poor's. The sale was split between US\$2 billion of 4.95 percent 10- year notes that priced to yield 200 basis points more than U.S. Treasuries of similar maturity, and US\$2 billion of 5.9 percent 30- year bonds that priced at a spread of 225 basis points over Treasuries. Cisco sold bonds for the first time in February 2006, when it issued US\$6.5 billion of fixed- and floating-rate debt to finance its acquisition Scientific Atlanta, a maker of television set-top boxes. That sale included \$3 billion of 5.5 percent 10-year notes that priced to yield 95 basis points more than Treasuries. Cisco plans to use proceeds from the sale to repay US\$500 million of floating-rate notes maturing this month, according to a filing today with the U.S. SEC.

## *Internet*

- **Facebook Inc. is working to offer more services on mobile phones from manufacturers such as Nokia Oyj, Apple Inc. and BlackBerry maker Research In Motion Ltd.** Facebook is seeking more partnerships with wireless-service providers and phone makers. About 13 percent of Facebook customers access the site using their phones. Facebook already has applications on devices such as Apple's iPhone and the BlackBerry, which let users post updates and send messages to their friends. The company is working with phone makers to tie Facebook more closely to mobile devices, allowing

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users to merge their phone contacts with their Facebook friends. Global visitors to Facebook more than doubled to about 222 million in December, making it the world's seventh most popular Web site. The site overtook its biggest rival, News Corp.'s MySpace, last year as it expanded its base of users beyond college students.

- **YouTube, the video-sharing Web site owned by Google Inc., renewed a licensing agreement with Sony Corp.'s music unit, a person familiar with the matter said.** Both and YouTube spokesman declined to comment. The deal, which extends an agreement first struck in 2006, will allow videos of Sony Music Entertainment artists to remain on the site, said the person, who declined to be identified because the negotiations are private. Sony's artists include Bruce Springsteen, AC/DC, Beyonce and Alicia Keys. The agreement contrasts with YouTube's failure to reach a deal with Warner Music Group Corp., which announced in December that it will remove all videos and songs from YouTube. The two sides couldn't agree on royalty payments. Metallica, R.E.M., Kid Rock and Enya are among Warner's artists. Record labels are seeking to boost revenue from online video sources such as YouTube as a way to make up for declining compact-disc sales. U.S. album sales dropped 14 percent last year, according to Nielsen SoundScan. The companies receive about half a cent for each YouTube stream, Reuters said. For YouTube, reaching agreements with record labels is a way to bolster the amount of content on the site, opening up more opportunities to sell advertising. YouTube has a feature that lets holders of copyrighted material identify their content and choose whether to remove it or make money from it.

## *Software*

- **Microsoft Corp. touted an agreement to license its mobile software to rival Google Inc., a move that highlights the increasing ability of large technology companies to use intellectual property for more than simply developing products for their own customers.** Google is using Microsoft's ActiveSync technology in its Google Sync service, which lets users automatically update calendar and contact information on mobile devices. Google unveiled Google Sync, calling it a particularly handy improvement for people who regularly use Google tools. Microsoft's vice president of intellectual property and licensing, Horacio Gutierrez, said in a statement that the Google license is a great example of Microsoft's openness to generally license our patents under fair and reasonable terms so long as licensees respect Microsoft intellectual property. The software giant has made more than 500 licensing agreements for its intellectual property in the last five years.

## **Europe**

### *Mobile/ Wireless*

- **The number of mobile-phone customers in France rose 3 percent during the fourth quarter.** There were 58.07 million mobile phone customers, an increase of 1.67 million from the end of September. The number of customers grew 4.9 percent from a year earlier. The penetration rate, or the ratio of mobile phones to inhabitants, increased to 91.3 percent from 88.7 percent at the end of September. In metropolitan France, which excludes overseas departments and territories, the market share of MVNOs rose to 5.2 percent from 4.9 percent at the end of September. MVNOs are operators that rent network capacity from the country's three big carriers. The three mobile network operators are France Telecom SA's Orange brand, Vivendi SA's SFR, and Bouygues SA's Bouygues Telecom.

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- **Sony Ericsson Mobile Communications AB recently completed a second round of job cuts in China, following the global company's dire financial results for the fourth quarter of 2008.** The exact number of job losses at Sony Ericsson has not been released. No one from Sony Ericsson was available for comment when contacted by Interfax. Sony Ericsson suffered a net loss of 73 million euros (US\$94.1 million) in 2008 due to the global economic slowdown. Sony Ericsson said in its second quarter report in September 2008 that the company racked up 2 million euros (US\$2.6 million) in losses and planned to cut 2,000 jobs globally.
- **Nokia Corp. will close a research and development site and announced other measures as part of previously announced plans to increase cost-efficiency in response to weakening markets.** Nokia aims to cut costs as it warned that mobile device volumes are likely to fall around 10 percent in 2009 from the previous year. The company, which in the fourth quarter 2008 made a net profit of 576 million euros (US\$742.3 million), said it aims to cut the operating expense run rate in its key devices and services business by more than EUR700 million (US\$902.1 million) to the end of 2010, with the majority of the cuts happening during 2009. Analysts and peers including Sony Ericsson, have forecast that the cellphone market will contract in 2009 as consumers sharply rein-in discretionary spending. Nokia's plans include the closure of its mobile devices research and development site at Jyväskylä, Finland, where it has 320 staff, and a scale down in production at its Salo plant that will involve temporary lay offs. Around 20 percent-30 percent of the 2,500 employees in Salo will be temporarily laid off at a time. Nokia will begin consultations with employee representatives about the plans. The company will concentrate its mobile device research and development in Finland at existing sites in Tampere, Oulu, Salo and the Helsinki metropolitan area.

## *Telecommunications*

- **Cable & Wireless confirmed its November guidance for profit of £780 million (US\$1.1 billion) in the year ending in March and said it was well-positioned for the coming financial year.** The division that offers services to large organizations competes directly with BT's ailing Global Services unit. Chairman Laphorne said, "Europe, Asia and US has maintained progress, winning significant new business and gaining market share, as well as renewing contracts with major customers." C&W said its division had won new business recently, including a £79 million (US\$112.2 million) five-year contract to supply British energy company Centrica, and three-year contracts for a call center for Lloyds TSB Asset Finance and a managed network for supermarket chain Wm Morrison. The division also benefited from the acquisition of smaller rival Thus last October, which Laphorne said was on track to contribute £23 million (US\$32.7 million) of profits and £7 million (US\$9.9 million) of savings to the division's forecast for EBITDA of £325 million (US\$461.5 million). C&W's larger international division, which acts as a local telecoms operator primarily in former British colonies around the world, is due to report Ebitda of at least US\$910 million.
- **Telenor ASA recorded fourth-quarter net profit of 2.2 billion Norwegian kroner (US\$327 million) for the three months to Dec. 31., hit by weakening results at its associates, particularly foreign exchange losses related to Russian associate VimpelCom's loan portfolio.** The company guided for 2009 organic revenue in line with 2008, an EBITDA margin around 34 percent and capital expenditure of 15 percent-17 percent of revenue. Fourth-quarter sales increased to 26.4 billion kroner (US\$3.9 billion) and EBITDA came in at 7.7 billion kroner (US\$1.1 billion). Telenor said it aims to reduce costs and keep capital spending under control this year. Its strategy is to look to new income streams in eastern Europe and Asia as Nordic markets become ever more saturated and fixed-line usage shrinks. As well as its stake in Unitech, Telenor owns units in Ukraine, Russia, Hungary, Serbia, Montenegro, Pakistan, Malaysia, Bangladesh and Thailand.

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- **BT Group Plc. said third-quarter operating profit declined 32 percent on charges to overhaul the Global Services division.** EBITDA fell to 1 billion pounds (US\$1.44 billion) in the three months ended Dec. 31. Sales climbed 5 percent. Third-quarter earnings were hurt by a 340 million charge to overhaul the Global Services division, pushing the stock 9.1 percent lower that day. The current completion of the ongoing contract and operational reviews may result in further substantial one-off charges in the fourth quarter.
- **Telecom Egypt is still on the look out for acquisitions in the Middle East and North Africa region although no talks were ongoing at the moment for a specific operator.** Telecom Egypt's preference is for existing integrated fixed and mobile operators in the Middle East and North Africa region. Telecom Egypt had a strong borrowing capacity and is capable of raising the cash needed should a suitable acquisition opportunity present itself. Telecom Egypt liquidated its Algeria investment in November after facing problems with regulators and price wars. The company had launched Algeria's second fixed-line network as a 50:50 joint venture with Orascom Telecom Holding as part of plans for regional expansion in 2005. The deal, which involved a payment of US\$65 million for a 15-year license, was Egypt's largest ever public-private partnership. Beshir didn't give any detailed forecasts for Telecom Egypt's performance amidst the financial crisis. The company is set to release its fourth quarter results mid-March.
- **Emirates Integrated Telecommunications Co., or Du, made a net profit of 78 million U.A.E. dirhams (US\$115.1 million) in fourth quarter 2008.** Mobile revenues for the full year came in at about 2.7 billion dirhams (US\$735 million). Prime Emirates expected the second telecom operator in the second largest Middle East economy to make a net profit of 45.2 million dirhams (US\$12.3 million). Total active mobile subscribers doubled year-on-year to 2.49 million pushing the company to its first profitable full year. It made 4.12 million dirhams (US\$1.1 million) in full-year net profit after paying a royalty of the same amount. Du's fixed-line subscriber base grew year-on-year 72 percent from 163,000 to 280,000 active subscribers. Du's total revenues for the quarter nearly doubled to 1.22 billion dirhams (US\$332 million). The company is expecting further growth in 2009 through better operational performance and profitability, but is cautious about the global economic climate. The company spent 2 billion dirhams (US\$544.4 million) on Capex infrastructure in 2008 and is anticipating 2009 to be a year of further growth as its services improve.
- **Tele2 AB swung to a fourth-quarter net profit on stronger margins, but said it was difficult to give a clear outlook for 2009.** The company posted a net profit for the three months ended Dec. 31 of 896 million Swedish kronor (US\$110 million). Economic recession has not yet affected its business, but added that it's difficult to estimate how consumer telecom spending will be hit in 2009. The telecom industry may prove resilient in the downturn, and expect Tele2's Nordic peers TeliaSonera AB and Telenor ASA to post growing fourth-quarter sales. EBITDA came in at 2.17 billion kronor (US\$259.8 million). Sales came in at 10.31 billion kronor (US\$1.2 billion). The EBITDA margin increased to 21 percent from 15 percent, helped by a higher contribution from mobile services on infrastructure. Net customer intake totaled 304,000 compared to 586,000 a year earlier. Tele2 has signed a new three-year credit facility of 12 billion kronor (US\$1.4 billion) to strengthen its financial position. The company was able to improve its market position in the fourth quarter through price leadership. It said it will look for possibilities to expand in the region through new licenses as well as acquisitions.

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- **TeliaSonera AB reported a 26 percent rise in fourth-quarter net profit on stronger sales, and said it expects net sales in local currencies will increase in 2009.** The company posted a net profit of 5.6 billion Swedish kronor (US\$684 million) for the three months to Dec. 31. Fourth-quarter sales came in at 28.1 billion kronor (US\$3.3 billion). EBITDA increased to 8.3 billion kronor (US\$991 million). The company's EBITDA margin improved to 29.4 percent from 28.9 percent. Exchange rate changes had a positive impact of 6.7 percent on the sales increase.
- **OAo Mobile TeleSystems had acquired handset retailer Telefon.Ru for US\$60 million.** The deal includes a payment of around US\$22.4 million for inventory reserves and a provision for a payment of US\$25 million in 12-18 months should the chain satisfy certain performance criteria. Telefon.Ru operates 512 stores in 180 cities in Russia offering handsets and other electronic goods, as well as tariffs and contracts of mobile operators.

## South America/ Middle East

### *Telecommunications*

- **Brazil Telecom Participacoes SA reported a fourth-quarter net profit of 115.3 million Brazilian reais (US\$51 million).** The figure was below the forecast of between 189-229 million reais (US\$83.8-101.5 million). The company reported fourth-quarter revenue of 2.9 billion reais (US\$1.3 billion). Brazil Telecom's fourth-quarter EBITDA was up 5.3 percent. EBITDA margins ended the fourth quarter at 32.4 percent, up from 30.7 percent a year earlier. The company's net profit totaled 782.2 million reais (US\$346.6 million). Brazil Telecom's net revenue last year was up 2.2 percent in 2007. The company's net debt totaled 1.4 billion reais (US\$620 million) last year. Brazil Telecom invested 2.7 billion real (US\$1.2 billion) in 2008

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 2/13/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	91.9000	-0.02%	3.1%	-0.3%	-18.3%
Hong Kong dollar	HK\$/ US\$	7.7520	0.0%	-0.03%	0.02%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8392	0.1%	0.04%	0.2%	-6.4%
Singapore dollar	S\$/ US\$	1.5067	0.8%	1.2%	3.1%	4.2%
South Korean won	KRW/ US\$	1,403.5000	2.8%	4.0%	6.6%	50.0%
New Taiwan dollar	NT\$/ US\$	34.0330	1.3%	2.4%	3.9%	4.7%
Australian dollar	US\$/A\$	0.6572	-2.7%	-3.4%	-7.5%	-24.9%
New Zealand dollar	US\$/NZ\$	0.5226	-1.8%	-9.1%	-10.7%	-32.5%
Philippine peso	PHP/ US\$	47.0100	-0.1%	-0.9%	-0.4%	14.1%
Euro	US\$/€	1.2861	-0.6%	-3.8%	-7.3%	-12.6%
British pound	US\$/£	1.4363	-2.9%	-3.1%	-1.1%	-27.9%

## Fixed Income Prices and Yields

Note	Currency	Current (on 2/13/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.75	3.71%	114.16	3.74%	129.20	3.00%
Japan 30-year	¥	109.57	1.98%	107.94	2.05%	108.97	1.92%
Hong Kong 10-year	HK\$	98.87	1.63%	98.18	1.82%	101.20	1.40%
China (06/16)	US\$	111.49	2.97%	111.49	2.97%	111.95	2.92%
Singapore 10-year	S\$	117.40	2.00%	116.55	2.09%	116.17	2.13%
South Korea 20-year	KRW	10,118.25	5.68%	10,067.56	5.72%	11,006.58	4.84%
Australia 15-year	A\$	112.70	4.40%	110.80	4.58%	104.78	5.22%
New Zealand (12/17)	NZ\$	110.21	4.63%	110.34	4.62%	109.15	4.86%
Philippines 20-year	PHP	90.48	10.94%	90.19	10.98%	88.45	10.93%
India 30-year	INR	110.25	7.58%	111.25	7.50%	113.49	7.20%
UK 30-year	£	110.72	4.18%	107.30	4.36%	115.33	3.87%
Germany 30-year	€	109.73	3.72%	105.58	3.93%	108.66	3.76%

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