



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

Week of 30 March 2009 - 5 April 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 (4/3/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	842.50	3.3%	20.2%	-6.7%	-42.6%
Dow Jones Industrial Avg.	8,017.59	3.1%	18.5%	-8.6%	-39.6%
Dow Jones Tech. Index	279.38	5.5%	25.6%	11.1%	-39.2%
Dow Jones Telecom. Index	182.70	3.2%	12.0%	-8.6%	-41.7%
NASDAQ Composite	1,621.87	5.0%	22.6%	2.8%	-38.8%
Japan Nikkei 225	8,749.84	1.4%	20.2%	-1.2%	-44.1%
JASDAQ	41.01	-0.8%	-0.7%	-14.9%	-43.2%
Japan Mothers	312.17	0.7%	6.8%	-3.5%	-60.1%
Korea KOSPI Composite	1,283.75	3.7%	26.0%	14.2%	-32.3%
Korea Kosdaq	439.16	4.3%	25.6%	32.3%	32.3%
Taiwan Stock Exchange	5,529.63	2.6%	24.9%	20.4%	-35.0%
Singapore Straight Times	1,873.70	5.3%	14.7%	6.4%	-45.9%
Hong Kong Hang Seng	14,545.69	3.0%	18.1%	1.1%	-47.7%
Hong Kong GEM	400.32	3.4%	9.3%	3.9%	-70.3%
China Shanghai (A-Share)	2,539.90	1.9%	15.6%	32.9%	-54.0%
China Shenzhen (A-Share)	843.31	2.9%	19.1%	45.0%	-44.6%
China Shanghai (B-Share)	159.36	1.5%	19.5%	43.7%	-56.5%
China Shenzhen (B-Share)	356.08	1.3%	17.2%	31.3%	-49.8%

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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

Internet

- **Young Asians spend more than nine and a half hours per day consuming some form of media, particularly listening to music and surfing the internet.** Research from 12 markets across Asia has shown that one quarter of Asian youth felt they couldn't live without the internet, with 35 percent using the internet more than they did a year ago. Korea housed Asia's biggest media fans, with its youth spending on average 13.7 hours per day consuming media. Hong Kong's youth spends a second-place 12.7 hours a day, while Singapore's youth spends 12.6 hours per day. The definition of media included time spent on the internet, watching TV and video content at home, reading newspapers and magazines and listening to the radio. Young people also felt they had substantial influence over household purchasing decisions about goods and services - such as household goods, mobile phones and video games.

Mobile/ Wireless

- **Yankee Group analyst Carl Howe said that mobile advertising's infant status has helped it to grow, although at a slower rate, even as companies have slashed marketing budgets.** Mobile advertising boosters tout several advantages. Carriers have access to demographic information and user tendencies that can be matched with more accurate targeting commercials. Advertisers can see almost immediately whether the ads are leading to additional business a promise of the Internet that can be more realized in the mobile world. There is the opportunity to insert ads in places such as text messages, and even phone calls. That promise hasn't been fully realized, and mobile advertising isn't completely immune. Howe projected global mobile ad revenue in 2009 to cross US\$1 billion before the economic meltdown. His revised estimate calls for revenue of US\$200 million, which would still show growth but indicates observers lowered expectations. While it's a certainty that the number of mobile ads will multiply rapidly, it's less clear how much revenue each ad will generate. In Howe's older forecast, he had the cost per thousand views hitting US\$3 by 2012 from US\$5 in 2007. The minimum bids now are in the 10-cent range.

Japan

Hardware

- **Toshiba Corp. will consolidate its two domestic white goods factories into one by year end as part of efforts to reorganize its struggling home appliance business.** White goods subsidiary Toshiba Home Appliances Corp. is to stop production at its Aichi Prefecture plant. Subsequently, output of washing machines and clothes dryers is to be transferred to a unit in Guangdong Province, China. Production of large items generally will be shifted away from Japan, except for air conditioners.
- **Toshiba has entered into a share transfer agreement with Panasonic Corp. under which Toshiba will acquire all of Panasonic's shares in Toshiba Matsushita Display Technology Co., Ltd (TMD), for reportedly US\$20.3 million.** TMD is a joint venture that develops, manufactures and sells liquid crystal displays (LCDs) and organic light emitting displays (OLEDs). Toshiba currently has a 60 percent stake in TMD. The share transfer is scheduled to take place in April 2009.

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- **Dell made a move in Japan that could signal a change in the way the vendor sells laptops and assists operators worldwide looking to push data access plans.** The Japanese arm of Dell has become an MVNO and is bundling its notebook PCs with a built-in HSPA cards. The laptops will go on sale this summer starting at about US\$500 and increasing to almost four times that amount. Dell will reportedly bundle a fixed amount of mobile broadband access, after which users pay by credit card for additional access. The computer maker is understood to have applied for an MVNO license and is using NTT DocoMo's network.

Telecommunications

- **The Financial Times reports, citing two unidentified people close to the sale process, that Japan's NTT Communications and Hong Kong's Pacnet each are separately in the running to acquire Pacific Crossing Limited (PCL), which operates one of the largest trans-Pacific undersea fiber cables.** It is rumored that Japanese telecom giant NTT Com and Hong Kong-based Pacnet have offered between US\$80 and US\$90 million for the company. PCL has about 20 owners, some of which are hedge funds who bought in at valuations above US\$400 million. The sale is part of the sell-off of assets worldwide by hedge funds who bought in during the boom. Pacific Crossing operates the PC-1 cable between Japan and Washington and California in the US, the second largest trans-Pacific cable after Tata's TGN system.
- **A Softbank Corp unit has sold over 490,000 Yahoo Japan Corp shares this month to buyers outside the Softbank group.** Softbank group's interest in Yahoo Japan however should not change much from the current 42 percent because of an upcoming retirement of shares by Yahoo Japan. Softbank unit SBBM Corp sold the shares for about 12.5 billion yen (US\$128.4 million) and incurred a loss of about 14 billion yen on the deal.
- **Aeon Co. and NTT DoCoMo Inc. will jointly establish a marketing company in May using DoCoMo's mobile phone service.** The new company, capitalized at Y800 million, will provide cell phone users with such information as discount notifications for Aeon stores after they sign up for the service. The company plans to post sales of 1 billion yen (US\$9.9 million) during the fiscal year through March 2010, and to raise sales to Y10 billion during the next five years. Aeon will hold a 51 percent stake in the company while NTT DoCoMo will hold 29 percent.

Semiconductor

- **Elpida Memory Inc. likely sustained a record 160 billion yen (US\$1.6 billion) group-net loss in the fiscal year ended, worsening from the year-earlier 23.5 billion yen (US\$234.4 million) as DRAM prices slipped below the break-even point.** Its group operating loss appears to have widened to roughly 140 billion yen (US\$1.4 billion) in fiscal 2008. Prices of DRAMs used in personal computers have fallen by half over the past year. On top of slumping PC sales, overseas DRAM manufacturers sold excess inventories at fire sale prices. Elpida's shipments actually increased 80-90 percent from a year earlier, but the price decline canceled out this positive effect. Elpida has an agreement with banks that requires it to pay back loans before maturity if its net assets drop to 75 percent of the year-earlier figure or below. But the company appears to have avoided such a penalty, since its net assets didn't actually fall under the threshold, which in this case is 260.8 billion yen (US\$2.6 billion). Elpida seeks to turn an operating profit in the year ending March 2010, expecting DRAM prices to rise above the break-even point by this coming summer.

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Korea

Semiconductors

- **KTB Securities Co. Ltd. is in negotiations to invest in MagnaChip Semiconductor Ltd., the logic spin-off of Hynix Semiconductor Inc.** MagnaChip and KTB signed a memorandum of understanding earlier this week and are negotiating terms of a definitive agreement. The company was trying to attract investment but declining to disclose details around the size of the funding the company is seeking. It is not known whether KTB would be a sole investor. MagnaChip, which spun out from Hynix in 2004, was scheduled to go public in the U.S. last year but pulled its IPO due to poor investment climate.
- **Hynix Semiconductor, Hyundai Motor and LG Display were found to be the biggest winners on the Korean stocks exchanges over the first three months of this year.** Hynix, the world's second-largest memory chip maker, saw its stock price almost double from 6,700 won a share to 12,350 won over the first quarter. Hyundai Motor came in second among Korea's top 30 companies in terms of market capitalization, as the country's primary automaker chalked up a 41-percent jump in equity prices. LG Display, one of the world's foremost manufacturers of flat-panel displays, and its sister firm, LG Chem., followed with 34 percent and 27 percent growth, respectively. Also included in the best performers are such flagship players as Hyundai Mobis (26 percent), Samsung Electronics (26 percent), LG Electronics (22 percent) and SK Energy (18 percent). NHN, which operates the nation's biggest online portal site, Naver, posted a 16 percent expansion in its market capitalization. The firm was introduced onto the main bourse late last year. Other members of the double-digit club are LG Corp. (15 percent), SK Corp. (14 percent), Samsung Heavy Industries (13 percent) and Woori Financial Group (11 percent).

Hardware

- **According to Samsung, despite the recession and expected slowdown in the global handset market, the U.S. is still expected to hold up for the company.** Samsung has been a steady market share gainer in the U.S., pumping out handsets in a variety of tiers to all carriers. The company last year overtook Motorola Inc. as the world's No. 2 handset maker. Shin, head of Samsung's Mobile Communications division, cited growth in smartphones and touchscreen handsets, saying the company plans to roll out more of these devices this year.

China

Internet

- **Google Inc. launched an online music service in China, a long-awaited move by the Internet giant and its record-label partners to make money distributing songs in a market plagued by piracy.** The new venture, which officially began service after seven months of testing, will be free to users in China, but won't work elsewhere. It will earn revenue from advertising on pages that let users download or stream licensed music from more than 140 labels, including the world's four biggest: Warner Music Group Corp., Vivendi SA's Universal Music, EMI Group, and Sony BMG Music Entertainment, a joint venture of Sony Corp. and Bertelsman AG. Google and its partners hope the service will draw users away from Google's Chinese competitors, especially Baidu which has a dominant share of search revenue in China. Baidu and other Chinese search sites have generated significant traffic through specialized search pages that help users find and download unlicensed music tracks from the Web. Warner Music would be open to using a free, advertising-supported model like

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the Google one for online music in other markets besides, although Google currently has no plans to extend the service beyond China.

- **China's portal of IT-related products and related services Pacific Online Ltd. announced its 2008 net profit of 88.3 million yuan (US\$12.7 million), decreasing from 91 million yuan (US\$13.1 million) in 2007.** Total revenues rose 37% year on year to 324.6 million yuan (US\$46.7 million), including 198.1 million yuan (US\$28.5 million) from the company's IT portal PConline and 107.6 million yuan (US\$15.5 million) from automobile portal PCauto, altogether accounting for 94% of the total. Revenues from the company's younger portals, such as PCgames, PClady and PCkids, increased more than 100%. Gross profit margin maintained at a stable level of 73%. Operating profit hiked 20% from 114.2 million yuan (US\$16.4 million) to 137.5 million yuan (US\$19.8 million). A final dividend of 64.7 million yuan (US\$9.3 million) was proposed, with a payout ratio of 73%. In addition, as of December 31, 2008, the company had a net cash of approximately 623.6 million yuan (US\$89.7 million), with no external debts.

Telecommunications

- **China Mobile Communications Corp. is seeking a partner for its plan to buy South African mobile phone operator MTN Group Ltd.'s assets in Iran, Syria and Sudan valued around US\$2 billion.** China Mobile plans to be a junior partner in any transaction partly because its management feels it doesn't have the necessary skills to operate the assets, and can learn from a majority partner. China Mobile had wanted to acquire minority stakes in MTN's units on its own, but was rejected by the South African company.
- **Chinese vendor ZTE has defied the slump in the handset sector to boost its own shipments by 40 percent in 2008.** It sold 45 million units, giving it momentum that could help it realize its goal of becoming one of the top five handset manufacturers by 2011. ZTE has gained some important handset deals with Vodafone, Hutchison, T-Mobile and other operators in Italy and Australia and is working to target the lower end segment with higher end features such as touchscreens and Windows Mobile. The Chinese vendor said it planned to make a major smartphone push in the US market in 2009, including possibly partnering with Verizon Wireless on a dual-mode CDMA/LTE handset.
- **A successful 3G rollout in China could have ramifications worldwide, with local players predicting that the country's homegrown TD-SCDMA technology will be taken up in other markets.** Pakistan is a likely candidate for TD-SCDMA rollout, since China Mobile has invested significant sums in that market. China Mobile owns Pakistani operator CMPak and has pledged to invest US\$500 million in the business this year alone. There are more than 10 mobile operators in India, not all of which will receive 3G licenses. TD-SCDMA uses TDD, or unpaired, spectrum, making it a cheaper and potentially more available option for rolling out high-speed data services than the sought-after FDD. ZTE has already rolled out a commercial TD-SCDMA network in Ghana, and South Korea's SK Telecom has deployed a trial TD-SCDMA network in Seoul. ZTE is in talks with a Taiwanese group about such a move. TD-SCDMA's chances of success in China and overseas are boosted by the involvement of non-Chinese vendors.
- **China Unicom (Hong Kong) Ltd. said its 2008 net profit rose 58 percent from a year earlier, mainly lifted by a disposal gain from the sale of its code division multiple access business to China Telecom Corp. last year.** The company said it plans to boost its capital spending this year to roll out third-generation wireless services. Net profit for the 12 months ended Dec. 31 rose to 33.91 billion yuan (US\$4.96 billion). Revenue fell 1.2 percent.

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- **China Communications Services Corp. said its 2008 net profit rose 12.8 percent on strong revenue growth.** The support services provider said its net profit for the 12 months ended Dec. 31 was 1.32 billion yuan (US\$193.1 million) but below the average 1.36 billion yuan (US\$198.9 million) forecast of 12 analysts surveyed earlier by Thomson Reuters. Revenue rose 37.9%. The company is controlled by China's largest fixed-line operator by subscribers, China Telecommunications Corp., which is also the parent of Hong Kong-listed China Telecom Corp.

Hardware

- **The Lenovo Group plans to build plants in India and Brazil to take advantage of both countries' favorable tax policies.** Brazil would provide Lenovo with a 25 percent tax deduction on locally manufactured PCs, making the cost of localizing operations lower than making PCs in China and shipping them to Brazil. Lenovo normally preserves its cost advantage by assembling locally manufactured PC components in China.

Information Technology

- **Domestic import/export volume for IT products fell 30.3 percent year-on-year to US\$87.6 billion in the first two months of 2009.** IT exports made up 34.5 percent of the nation's total export volume at US\$53.55 billion, down 26.1 percent year-on-year, while IT imports accounted for 30.06 percent of domestic import volume at US\$34.06 billion, down 36.07 percent year-on-year. The pace of IT import growth was 1.9 percentage points slower than imports in all industries in January; IT exports lagged behind total export growth by 5 percentage points.

Taiwan

Telecommunications

- **Chunghwa Telecom reported net income of NT\$8.48 billion (US\$249.5 million) for the fourth quarter 2008 compared with NT\$10.46 billion (US\$307.5 million) last year, on revenue down slightly at NT\$49.8 billion (US\$1.46 billion).** Operating income fell 7 percent to NT\$11.6 billion (US\$343.9 million), while EBITDA decreased 5.7 percent to NT\$21.2 billion (US\$623.9 million). Fixed-line revenue declined 2.4 percent to NT\$14 billion (US\$411.8 million), while wireless revenue fell 1.4 percent to NT\$17.7 billion (US\$521.1 million). Internet and data services revenue grew 2.6 percent to NT\$12.7 billion (US\$376.1 million). For fiscal 2008, net income decreased 6.7 percent to NT\$45 billion (US\$1.3 billion) on revenue up 2.2 percent at NT\$201.6 billion (US\$5.9 billion). Operating income fell 2.9 percent to NT\$58.6 billion (US\$1.7 billion), while EBITDA declined 3.4 percent to NT\$96.8 billion (US\$2.8 billion). Chunghwa Telecom expects its annual capital expenditure to be around NT\$30 billion (US\$906.3 million) to NT\$32 billion (US\$966.7 million) in the next two to three years.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **New Zealand's telecommunications industry regulator was again considering whether there are reasonable grounds to regulate mobile roaming services.** The watchdog was deferring a decision on whether to investigate extending regulation of mobile roaming services to include price control until it had finalized its investigation into mobile termination charges. The commission had significant concerns with the current state of the mobile market that suggested there may be a case to

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investigate the national roaming service. Greater clarity on appropriate pricing for roaming would come once it had completed its investigation into mobile termination charges which it uses as a proxy for roaming pricing. National roaming allows subscribers of one mobile network to use their phones on a different mobile network. It also allows a new entrant to offer nationwide services while it builds its own network. Prices are not regulated. The then-minister of communications and information technology requested it consider a new investigation in light of new information, but in September, the commission said there were no grounds.

- **The New Zealand government is starting up Crown Fibre Investment Company (CFIC) to fund its investment in its National Broadband Network (NBN) project.** The NBN project will be a “dark fiber” network operating only at the wholesale level. The government plans to bring fiber access to 75% of New Zealand's population. The government-owned vehicle will be responsible for investing up to NZ\$1.5 billion (US\$855.9 million) that the government has earmarked for the project. The CFIC will also seek private investors to match that investment.
- **Singapore Telecommunications Ltd. secured S\$1.08 billion in credit facilities to refinance existing facilities and for general working capital purposes.** SingTel signed the agreement for a three-year term loan facility with the Bank of Tokyo-Mitsubishi UFJ Ltd., DBS Bank Ltd., Oversea-Chinese Banking Corp., United Overseas Bank Ltd., Calyon, Citibank, N.A. and The Hongkong and Shanghai Banking Corp. The funds raised will meet the company's refinancing requirements for the next fiscal year ending March 31, 2010. The transaction will not affect the company's earnings per share or its net tangible assets for the current financial year.
- **Macquarie Communications Infrastructure Group has received a A\$1.37 billion (US\$1.1 billion) takeover bid from Canada Pension Plan Investment Board (CPPIB), indicating still strong demand for infrastructure assets whose value has been hurt by the global financial crisis.** Macquarie Communications Infrastructure said its board recommends the all-cash A\$2.50 (US\$2.03) per security offer from CPPIB, representing a 67 percent premium to the last traded price of A\$1.46 (US\$1.2) a security before the bid was made public. The deal was positive for Macquarie Group, given it negates the need for further writedowns to Macquarie Communications' carrying value on the group's balance sheet. But some analysts weren't impressed by the quality of the offer, with one describing it as cheeky and disappointing. The deal does not reflect the underlying value of Macquarie Communication's assets, or its longer term potential. Malcolm Long, chairman of Macquarie Communications' independent board, defended the decision to recommend the offer to shareholders, which he noted is fully cash funded and provides shareholders with an opportunity to crystallize value.
- **Outgoing Telstra Corp. Chief Executive Sol Trujillo said that analysts have overplayed the likely earnings impact on Telstra of being excluded from a federal government tender to build a national high-speed Internet network.** Telstra is already planning to roll out services in Melbourne that offer speeds of up to 100 megabits per second, compared with the 12 Mbps service the government has proposed. The government is due to make an announcement as early as next week on the winner of a A\$4.7 billion (US\$3.4 billion) tender to build the network, designed to deliver high-speed Internet services to 98 percent of Australian homes. Telstra was excluded from the process after lodging a noncompliant bid, meaning the government funding will likely be awarded to a rival. The remaining bidders are Singapore Telecommunications Ltd.'s Optus unit, Canada's Axia Netmedia Corp., and Acacia, a Melbourne-based consortium led by businessman Solomon Lew.

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- **TM International Bhd. has repaid 2 billion ringgits (US\$560 million) of the 4 billion ringgits (US\$1.1 billion) owed to Telekom Malaysia Bhd ahead of schedule, and it will repay the remaining amount by end-April.** The 4 billion ringgits (US\$1.1 billion) loan arose from the demerger of TMI from Telekom, and the interest bearing amount is repayable within one year after the demerger on April 25, 2008. TMI has changed its name to Axiata Group Bhd., effective March 31.

United States/Canada

Mobile/Wireless

- **Research In Motion Ltd.'s (RIM) first-quarter profit and sales forecasts exceeded analysts' projections.** Earnings will amount to at least 88 cents a share, compared with the 82-cent average of estimates compiled by Bloomberg. Sales in the period ending May 30 will climb to as much as US\$3.5 billion, also beating expectations. Profit margins also are improving as RIM finds new ways to reduce costs for phone hardware, Co-Chief Executive Officer James Balsillie said. The increases helped defuse investor concern that discounts on BlackBerrys were eroding profitability. Subscriber gains and new products should bolster the company in the near term. RIM has been investing heavily to reach ordinary consumers, buying TV ads, developing new software, and rolling out more powerful devices with larger screens. The company, based in Waterloo, Ontario, is expected to unveil a host of new music, gaming and other consumer-oriented applications at this week's CTIA trade show in Las Vegas. But these efforts eat into gross profit margins, which have fallen to 40 percent from about 50 percent in the last six months and have helped push RIM's stock to one-third its high of US\$147 in July. Many investors are staying on the sidelines, awaiting for its quarterly earnings report this week for any signs of stabilization. RIM's share of smart phones, the only part of the cellphone market expected to grow this year, has been rising fast. The company is making an aggressive push into the relatively nascent consumer smart-phone market by investing heavily in new products and advertising.

Media, Entertainment and Gaming

- **Walt Disney Co. said it eliminated about 1,900 jobs from its Florida and California resorts as part of reorganization.** The cuts represent 11 percent of non-hourly positions at the unit, the company said. Some of the firings took place at offices in Burbank and Glendale, California. The theme-park operator is consolidating oversight of operations near Orlando, Florida, and Anaheim, California, Jay Rasulo, chairman of the division. The cuts include 50 people who took voluntary buyouts that Disney offered to about 600 domestic park executives in January.
- **Ticketmaster Entertainment Inc. and Tickets.com Inc. are launching services to let customers buy tickets directly from their mobile phones, in an ambitious attempt to extend Internet commerce to cellphone screens.** U.S. and Canadian BlackBerry users will be able to search Ticketmaster's inventory and purchase tickets on their handsets. Tickets.com will let baseball fans buy and receive tickets via cellphone from 13 Major League Baseball teams starting with the April 10 opening home game of the Oakland A's. Tickets.com is a subsidiary of MLB Advanced Media, LP, the interactive media and Internet company of Major League Baseball. The push for mobile ticketing comes as customers shift to smart phones, whose faster networks and larger screens come closer to the feel of ordering via computer. While the wireless industry has long awaited the time when cellphones would be used for buying, most purchases have so far been for items consumed on the phone itself, such as ringtones, wallpaper and music. Mobile ticketing will provide an early case to see how customers take to the new platform. Ticketmaster President Eric Korman draws a comparison

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with online sales, which have grown rapidly in the past decade, from a small sliver of the company's business to the dominant way people buy tickets.

- **News Corp. named former AOL Chief Executive Jon Miller to a new role overseeing its digital strategy.** Miller will report directly to News Corp. CEO Rupert Murdoch and will direct the company's stand-alone digital businesses, including MySpace, IGN Entertainment, Photobucket, Jamba and the Hulu joint venture with General Electric Co.'s NBC Universal. He served as CEO of AOL from 2002 to 2006. The appointment continues News Corp.'s overhaul of its leadership after President and Chief Operating Officer Peter Chernin said he is leaving the company when his contract expires at the end of June. Chernin has played a key role in overseeing the company's entertainment and digital operations. During Miller's time at the helm of AOL, the company posted record annual profit growth of 21 percent and increased online advertising growth, the mainstay of its business model, by 46 percent. News Corp. also named Peter Levinsohn president of new media and digital distribution for Fox Filmed Entertainment, the unit that controls the company's film and TV content. He will report to Jim Gianopulos and Tom Rothman, who last month were named co-chief executives of the company's combined film- and TV-production business.
- **Music distributors Warner Music Group Corp., Sony Corp. and Vivendi SA joined with the Smashing Pumpkins' Billy Corgan.** Clear Channel Communications Inc., Cumulus Media Inc. and Citadel Broadcasting Corp. sent out Steve Newberry, the owner of WOVO Radio, whose "My 105.3" in Glasgow, Kentucky, advertises "lots of great music." Music stars and hometown broadcasters are going toe-to-toe in Washington as they lobby lawmakers on legislation that would make stations pay royalties to music labels and performers for playing their songs. The radio industry may be hit with annual fees of US\$2 billion or more if the bill passes. Music labels and radio stations are both struggling with declining revenue as listeners turn to the Internet and devices such as the iPod. The early advantage may rest with music labels, which have won endorsements from committee chairmen in the House and Senate. The House royalty legislation is sponsored by Judiciary Committee Chairman John Conyers, a Michigan Democrat, and had 38 cosponsors. They received an average of US\$6,547 in campaign donations from the music industry for the 2008 elections, more than five times the average of US\$1,175 to the other members of the House. Senate Judiciary Chairman Patrick Leahy, a Vermont Democrat, has introduced similar legislation in his chamber.

Telecommunications

- **A consumer group urged the Federal Communications Commission to investigate whether AT&T Inc. is violating the agency's Internet guidelines by limiting customer access to Skype's free phone service on Apple Inc.'s iPhone.** AT&T's deal with Apple regarding the iPhone appears to be designed to cripple applications or hinder consumer choice for anticompetitive purposes. iPhone users can't use phone software provided by eBay's Skype to make calls through AT&T's fastest wireless network, known as 3G. That restriction is imposed by Apple through its iPhone online store. People can use Skype on the iPhone through free Wi-Fi signals that aren't licensed to any carrier. Restricting AT&T subscribers' ability to use Skype on some airwaves may violate broadband principles the FCC adopted in 2005. Those guidelines, which aren't formal rules, say carriers should let subscribers have access to any legal Web content or service they choose as long as it doesn't harm the network. The group urged the agency to "officially confirm" that wireless carriers are covered by its broadband policy guidelines and investigate whether AT&T's iPhone practices violate them.

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- **The Organization for Economic Cooperation and Development said that Mexico should implement network unbundling rules and lift restrictions on foreign investment to boost competition in its telecommunications industry, which is dominated by local billionaire Carlos Slim.** Mexico had 19.2 fixed phone lines and 70.3 wireless lines for every 100 inhabitants at the end of 2008. Slim's fixed-line phone company Telefonos de Mexico SAB, a former state-monopoly that he acquired in the early 1990s, controls over 80 percent of the country's fixed phone lines with about 17.6 million lines in service at the end of 2008. Telmex also has an important share of the broadband market with 5 million accounts as of Dec. 31, 2008, up from just 1 million three years ago. Telcel, a unit of Latin America's No. 1 mobile operator America Movil SAB, which is also controlled by Slim, had 72 percent of the wireless market at the end of last year, with 56.4 million subscribers. The administration of President Felipe Calderon has shown greater willingness than previous governments to foster more competition in telecommunications.
- **Charter Communications Inc.'s plan for a quick trip through bankruptcy could be complicated by a fight with a group of senior lenders that includes JPMorgan Chase & Co. and Bank of America Corp.** Charter, which filed for bankruptcy, is gearing up for a battle with the lenders over how their debt would be treated under the cable company's plan to ease its **US\$21.7 billion debt load.** Under the proposal, nearly US\$12 billion in bank and bond debt would be reinstated. JPMorgan and Bank of America are the lead lenders on about US\$8.5 billion of that debt. The reinstatement of the debt will be a significant and disputed issue. Unnamed creditors holding the debt plan to fight for higher interest rates. That decision will be up to the judge overseeing the bankruptcy case. Charter warned that if the court doesn't allow reinstatement and creditors are successful in securing higher pricing, the plan will fall apart. Charter's restructuring would wipe out about US\$8 billion in debt and raise US\$3.4 billion through a plan backed by bondholders that own about US\$4.2 billion in notes.

Internet

- **Twitter Inc., the online messaging service derided by comedian Jon Stewart as “inane chatter,” is being taken seriously by big business.** Dell is using Twitter to sell personal computers and solve customer problems and IBM uses it to get research scientists talking. Intel is there looking for engineers and Microsoft is sponsoring a Twitter site that carries “Tweets” from executives. Corporate fascination with Twitter, a blend of instant messaging and blogging known as “micro-blogging,” is intensifying as companies seek new ways to reach consumers in the recession. Twitter users post 140-character “Tweets” about whatever’s on their mind, giving companies a unique opportunity to pounce on consumers right as they express an interest in buying something. Twitter has spawned a cottage industry of third-party companies that plumb the “Twittersphere.” Companies such as Boulder, Colorado-based Collective Intellect Inc. and San Francisco-based Salesforce.com Inc. have applications that let clients track customer comments on Twitter.
- **Facebook Inc.'s chief financial officer, Gideon Yu, is leaving the company.** Yu is the latest in a string of executives to depart the five-year-old company, whose employees and investors remain anxious about when and whether it will go public. The departure of the 37-year-old Yu and the ensuing search for a replacement are likely to renew speculation that Facebook, which has previously said it hopes to go public within the next few years, is stepping up plans to do so despite the rocky economy. Yu, who joined Facebook in 2007, was previously the CFO of YouTube, now a Google Inc. unit. He couldn't immediately be reached for comment. The person familiar with the matter said Facebook's financials are strong and that the company expects revenue growth of at least 70 percent in 2009 compared with 2008 revenue far above the estimates of some outside analysts.

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- **Google Inc. has formally announced its highly anticipated venture-capital fund, through which it hopes to earn and profit while investing in industries ranging from software to bio-tech.** The company plans to commit roughly US\$100 million to the fund over the next year. The company announced William Maris, a former entrepreneur whom Google hired to start the fund, and Rich Miner, a former executive in its mobile unit, as managing partners with the fund. The company was considering launching a fund but has provided few other details. In a blog post, Miner and Maris said the fund - which is called Google Ventures will invest across a range of industries, including consumer Internet, clean-tech and health care. It will bring to bear Google's technical expertise and brand to find young companies with truly awesome potential and encourage their development into successful businesses. The fund is seeking to operate less like a traditional corporate venture arm that backs companies related to its product lines. The company is going to manage for returns and consider a wide range of investments, they said. Google has a history of investments, both through its business-development department and Google.org, its nonprofit division.
- **The bright spot in the slumping advertising industry is dimming, as a report showed that U.S. online-ad spending grew 10.6 percent in 2008, its slowest rate since 2002.** The data suggest the recession is having a significant impact on one of the few drivers of robust growth in media and advertising. The 2008 figure, US\$23.4 billion, compares with US\$21.2 billion in 2007, when online-ad revenue surged 26 percent from the year before. In the fourth quarter of 2008, growth from a year earlier slowed to a relative trickle, 2.6 percent, to US\$6.1 billion. In the same period in 2007, online-ad revenue had jumped 24 percent. The report was conducted by PricewaterhouseCoopers on behalf of the Interactive Advertising Bureau, a trade group of media and technology companies. The slowdown has sobering implications for the future. Research firm eMarketer halved its 2009 growth forecast based on the new data, estimating that online-ad spending will grow 4.5 percent, to US\$24.5 billion, compared with a previous prediction of 8.9 percent. Total U.S. ad spending in 2008 decreased 2.6 percent, to US\$136.8 billion. Still, industry executives had been hoping the digital sector would escape the recession more or less intact.
- **eBay's Skype unit plans to release a version of its Internet-based phone software for Apple Inc.'s iPhone.** The move puts Skype more directly in competition for wireless voice services with network operators such as AT&T and Verizon Wireless. Skype's software, which can be downloaded free, allows iPhone users to call other Skype users on computers or supported cellphones free if they are in a Wi-Fi hot spot. Or they may call land lines for a fee, typically 2.1 cents a minute. Skype uses a technology called VoIP, for voice over Internet protocol, which treats calls as data like email messages or Web pages and routes them over the Internet, rather than a traditional phone network. It says it has more than 405 million users around the world. The company is also the world's largest provider of cross-border voice communications.

Software

- **Microsoft Corp. plans to shut down its Encarta encyclopedia, in the wake of pressures that include the growth of Wikipedia and other free reference sites.** The company said in a notice posted to its MSN Web site that it will discontinue the online version of Encarta Oct. 31, ending the Japanese version two months later. Microsoft said it will no longer sell Encarta editions that ship on discs as of June. Encyclopedias have radically changed since the '90s, when Microsoft muscled its way to the top of the business by publishing Encarta on CD-ROMs and packaging copies of it with PCs running its Windows operating system. Traditional print publishers like Encyclopaedia Britannica Inc. had a tough time competing with the vast resources of Microsoft. Encarta began to lose ground among users with the rise of Internet search engines like Google that became capable of quickly

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connecting users to a seemingly infinite array of free online information resources. Among those resources is Wikipedia, a repository of more than 10 million reference articles produced by volunteers in over 260 languages, including more than 75,000 active contributors.

Europe

Mobile/ Wireless

- **Hellenic Telecommunications Organization SA (OTE) has sold its mobile and retail operations in Macedonia to Telekom Slovenije DD for 190 million euros (US\$256.2 million).** The unit, Cosmofon, is one of the largest mobile providers in Macedonia, with a 30 percent market share. The sale also includes the disposal of approximately 60 Germanos retail outlets in the country. Deutsche Telekom AG which operates its own mobile network in Macedonia acquired a 25 percent stake in OTE. Combined, the two companies controlled more than 90 percent of the mobile market so as a result of that tie-up, Macedonian anti-trust authorities have forced OTE to sell its Cosmofon unit. The sale price was above the unit's net book value of 140.1 million euros (US\$189 million) and close to analysts' expectations. In acquiring the unit, Telekom Slovenije said the purchase would further widen its footprint in Southeast Europe, where it already has operations in Kosovo, Bosnia-Herzegovina and Albania, among other places.
- **Carphone Warehouse hopes to grab itself a bargain with a last-minute bid for Tiscali UK.** With Tiscali reported to be on the brink of going into administration, the U.K. retailer and service provider is considering tabling an offer through its TalkTalk home broadband division. Erstwhile Tiscali suitor BSkyB may also come forward with a renewed offer. Talks between Tiscali and BSkyB over the Italian broadband provider's U.K. operations collapsed earlier this month leaving Tiscali in a precarious financial position. The company has been looking to sell of its Italian and U.K. broadband operations for the best part of a year, but the economic situation – particularly the decline of the British pound against the euro made Tiscali's original price tag of around 500 million pounds (US\$742 million) look unrealistic.
- **Nokia Corp. has signed a contract with China PTAC Communication Service Co. Ltd. under which the Chinese company is expected to buy mobile devices worth over US\$1.8 billion from Nokia in 2009.** Under the terms of the contract, the parties have also agreed to expand strategic ties with regard especially to third-generation and operator business.
- **Tele Norte Leste SA, or Oi, is in talks to purchase fiber optic operator Eletronet.** Over the last two weeks, Oi executives have been meeting with creditors of Eletronet, which is currently in the middle of bankruptcy proceedings. Created in 1998, the company run by U.S. energy firm AES Corp. and state energy holding company Centrais Eletricas Brasileiras S/A, or Eletrobras, laid 16,000 kilometers of fiber optic cable used for high-speed data transfer across 18 states. AES subsequently sold out of the company. Eletronet has debts of approximately 600 million reais (US\$261 million)

Internet

- **European Union authorities are to investigate consumer profiling by online advertisers amid allegations by senior E.U. officials that basic rights in terms of transparency, control and risk are being violated.** An informal consultation will be launched to collect evidence from consumers and industry on the information commercial Web sites are collecting and how it is being used, the paper reports. It could result in new controls on online advertisers, Internet service providers and networking sites. E.U. officials are particularly concerned by the growing use of deep-packet

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inspection technologies that allow broadband providers to track online activity even after consumers have tried to control the use of cookies which allow Web sites to monitor browsing history patterns.

- **U.K. Internet advertising spending rose 17.1 percent in 2008 but the total U.K. advertising spend fell 3.5 percent in 2008, which means that Internet advertising now makes up 19.2 percent of total U.K. advertising expenditure.** In July-December 2008, the Internet's share of U.K. advertising spending peaked at 19.8 percent, overtaking press display which combines both U.K. newspaper and magazine advertising.

Telecommunications

- **Inmarsat PLC will buy a 19 percent stake in privately-held Canadian satellite company SkyWave Mobile Communications Inc.** The financial terms of the deal weren't disclosed but are believed to be in the region of US\$10 million to US\$20 million, and the deal is subject to SkyWave's acquisition of GlobalWave satellite low data rate (SLDR) products and services business from logistics services firm TransCore. In addition to the acquisition, Inmarsat and SkyWave have signed a long-term distribution agreement and product development deal. Inmarsat was advised by Morgan Stanley on the transaction.
- **KPN NV announced that its subsidiary Getronics will cut 1,400 jobs to save 60 million euros (US\$80.9 million) on an annual basis.** The personnel reduction at Getronics, an information and communications technology, or ICT, services provider, is a preemptive measure to maintain profitability goals. The job cuts will be completed by mid-2009. The possibility of compulsory redundancies cannot be excluded. The measures are part of a restructuring program for the whole KPN Group, which the company announced in 2008 and for which it will book a 208 million euros (US\$280.5 million) provision in the second quarter of 2009.
- **The Belgian government is to launch a tender for a fourth mobile telecommunications network in the country this year.** The tender would be for licenses to operate both second and third-generation mobile phone networks, ministry spokesman Tim Van Broekhoven told AFP. Belgium's mobile phone market is divided between Belgacom SA unit Proximus, France Telecom's Mobistar and Dutch group KPN's Base.
- **Empresa de Telecomunicaciones de Bogota SA, or ETB, is seeking a partner to inject fresh capital into the company in return for as much as a 49.9 percent stake in ETB.** The decision to seek an investor followed a recommendation of investment banking unit of Banco Santander SA. Santander will invite all kinds of investors such as equity funds, phone companies already operating in Colombia and other type of companies. Contreras mentioned companies like Spain's Telefonica SA and Mexico's Telefonos de Mexico SA already operating in Colombia and others like Verizon Communications which aren't yet present. Santander is expected to have the valuation of the company ready before the end of the first half of the year. ETB will find it difficult to lure a strategic investor willing to inject money when it will not obtain control. ETB seeks options to finance its investment needs and expansion plans. ETB, which is the main telecom firm of the capital city Bogota, faces rising competition from Telefonica and Mexico's Telefonos de Mexico.
- **Tiscali SpA said a creditor agreement to suspend interest payments on 601 million euros (US\$810.4 million) in debt should keep the company in business, adding however that its long-term survival is in jeopardy should it not reach an agreement in talks with creditors on debt restructuring.** The Sardinia-based broadband operator was forced earlier this month to seek better conditions from creditors after scrapping a plan to sell its U.K. assets to BSkyB to raise cash. It

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didn't meet its March interest payment. Tiscali approved the outlines of a new business plan it said its confident will help it reach its debt-restructuring goals. It hired ATKearney as a business adviser, and Rothschild as a financial adviser. It will provide more details of its new business plan as well as an update on debt-restructuring talks as they become available. EBITDA rose 24.1 percent, as total clients reached 2.3 million as of Dec. 31. Revenue rose 11.7 percent.

Information Technology

- **BT Global Services announced a 336 million pounds (US\$497.2 million) writedown when it reported its third-quarter results, and warned its troubled IT services division could incur further charges.** Ongoing contract and operational reviews may result in further substantial one-off charges in the fourth quarter. BT's next writedown could amount to more than 300 million pounds (US\$444 million), adding that the operator plans to halve the 15.8p per share dividend it paid out last year. In 12 months Global Services has gone from being the stellar performer at BT's financial results, to a millstone around its neck. In May 2008 former BT CEO Ben Verwaayen attributed the telecom's 2007 fourth quarter revenue growth to 260 new enterprise customers. At the time IT operations contributed 22 percent of BT Group's fourth-quarter revenue, compared to 11 percent from voice calls.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 4/3/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	100.3000	2.5%	3.2%	8.8%	-10.9%
Hong Kong dollar	HK\$/ US\$	7.7501	0.01%	-0.1%	0.0%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8343	0.0%	-0.1%	0.2%	-6.4%
Singapore dollar	S\$/ US\$	1.5050	-0.6%	-3.3%	3.0%	4.1%
South Korean won	KRW/ US\$	1,335.5000	-0.6%	-14.9%	1.4%	42.7%
New Taiwan dollar	NT\$/ US\$	33.3000	-1.8%	-5.4%	1.6%	2.5%
Australian dollar	US\$/A\$	0.7148	3.1%	13.6%	0.6%	-18.3%
New Zealand dollar	US\$/NZ\$	0.5855	2.8%	18.9%	0.1%	-24.3%
Philippine peso	PHP/ US\$	47.6900	-0.6%	-2.0%	1.0%	15.8%
Euro	US\$/€	1.3480	1.4%	7.1%	-2.9%	-8.4%
British pound	US\$/£	1.4830	3.5%	5.6%	2.1%	-25.6%

Fixed Income Prices and Yields

Note	Currency	Current (on 4/3/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.48	3.73%	97.84	3.65%	97.96	3.68%
Japan 30-year	¥	105.46	2.16%	106.82	2.10%	107.73	1.97%
Hong Kong 10-year	HK\$	95.31	2.16%	95.58	2.13%	95.33	2.07%
China (06/16)	US\$	111.49	2.97%	111.49	2.97%	111.49	2.97%
Singapore 10-year	S\$	116.30	2.09%	116.80	2.04%	116.60	2.01%
South Korea 20-year	KRW	10,467.56	5.21%	10,363.54	5.29%	10,441.75	5.39%
Australia 15-year	A\$	110.43	4.61%	109.04	4.76%	112.32	4.43%
New Zealand (12/17)	NZ\$	105.10	5.33%	105.14	5.32%	110.78	4.57%
Philippines 20-year	PHP	98.61	9.89%	98.43	9.91%	90.45	10.65%
India 30-year	INR	88.80	7.95%	87.85	8.05%	108.15	7.72%
UK 30-year	£	106.65	4.40%	108.07	4.33%	107.80	4.29%
Germany 30-year	€	103.38	4.07%	105.58	3.98%	109.12	3.76%

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