



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

***Week of 3 August 2009 - 9 August 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 (8/7/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,010.48	2.3%	12.4%	11.9%	-31.2%
Dow Jones Industrial Avg.	9,370.07	2.2%	12.6%	6.8%	-29.4%
Dow Jones Tech. Index	346.38	-0.1%	11.0%	37.8%	-24.6%
Dow Jones Telecom. Index	205.79	0.6%	8.7%	3.0%	-34.3%
NASDAQ Composite	2,000.25	1.1%	11.9%	26.8%	-24.6%
Japan Nikkei 225	10,412.09	0.5%	7.6%	17.5%	-33.5%
JASDAQ	49.70	0.5%	0.4%	3.1%	-31.1%
Japan Mothers	456.83	-1.4%	-1.6%	41.2%	-41.7%
Korea KOSPI Composite	1,576.00	1.2%	10.3%	40.2%	-16.9%
Korea Kosdaq	512.70	1.7%	1.4%	54.4%	54.4%
Taiwan Stock Exchange	6,868.65	-3.0%	3.3%	49.6%	-19.3%
Singapore Straight Times	2,574.06	-5.6%	10.8%	46.1%	-25.7%
Hong Kong Hang Seng	20,375.37	-1.0%	13.3%	41.6%	-26.7%
Hong Kong GEM	616.97	-4.2%	5.7%	60.1%	-54.3%
China Shanghai (A-Share)	3,422.83	-4.4%	4.3%	79.0%	-38.0%
China Shenzhen (A-Share)	1,142.51	-2.8%	7.7%	96.5%	-24.9%
China Shanghai (B-Share)	210.88	-3.5%	6.2%	90.1%	-42.4%
China Shenzhen (B-Share)	537.18	-2.2%	3.4%	98.0%	-24.3%

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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 8//09	% Change From Offer
8/5/09	CDC Software Corporation [NASDAQ: CDCS]	Enterprise software business	57.6	US\$12.00	US\$9.60	-20%

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

#### *Semiconductors*

- **The global semiconductor market expects a steady rise in the price and demand for DRAM chips, according to ISuppli.** The report forecasts that the price of DRAM chips would climb 10.2 percent in the third quarter. Although this is down from the 20-percent-level price rise in the previous quarter, the upward movement suggests that the DRAM market is recovering. According to iSuppli, the DRAM market contracted 19.5 percent on-quarter in the first quarter of this year but rebounded at 37.9 percent in the second quarter. The market will continue to grow at the 20-percent level into the third and fourth quarters, making a full recovery, the researcher forecast. The rising prices are attributable to plunging supplies caused by ongoing restructuring in the industry since early this year, coupled with stockpiling by PC manufacturers for the year-end high demand season.
- **South Korean chipmakers including Samsung Electronics and Hynix Semiconductors have exceeded 60 percent share in the global semiconductor market during the second quarter of this year.** South Korea accounted for 61 percent of major market shares for D-Ram in the second quarter of this year, up 2.9 percentage points from 58.1 percent in the first quarter of 2009, according to an analysis by Samsung Securities. Meanwhile, market share of three Taiwanese manufacturers, including Powerchip, ProMOS and Nanya Technology was found to have dropped to 13.8 percent in second quarter of 2009, down 8.6 percentage points from 22.2 percent year-on-year.

### Japan

#### *Hardware*

- **The world's No.1 plasma TV maker Panasonic Corp reported a net loss of 52.98 billion yen (\$559 million) in April-June 2009, down from a 73 billion yen profit a year earlier.** For the year to March, the company kept its net loss forecast of 195 billion yen (US\$2.0 billion), half of last year's 379 billion yen loss (US\$4 billion), but worse than analysts' estimate of a 185 billion yen loss (US\$1.5 billion). Revenue for the April-June quarter fell 26% to 1.595 trillion yen (US\$16.8 billion) from 2.152 trillion yen (US\$16.7 billion) a year earlier, partly because of slow sales of digital cameras and flat-panel television sets. Panasonic is still targeting TV sales of 15.5 million units this fiscal year, up from 10.05 million last year, to lift its market share to 12%. As part of its TV, Panasonic will aggressively push plasma TV sets greater than 50-inches diagonal in the U.S., Europe and China given such screen sizes earn higher margins. It also will seek to cut production costs.
- **Sony Corp. will offer two new e-reader devices priced at US\$199 and US\$299.** This will intensify competition in a burgeoning market dominated by rival Amazon.com. Sony plans to cut prices on best-selling e-book titles in its online store to US\$9.99 from US\$11.99, matching the discount price offered by Amazon for users of its Kindle device and Barnes & Noble's Fictionwise. Sony's new Readers, called the PRS-300 and PRS-600, are expected to go on sale later in August at such U.S. retailers as Best Buy Co. and Wal-Mart Stores Inc. The smaller Sony device costs US\$100 less than Amazon's least-expensive Kindle.

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## *Telecommunications*

- **NTT Docomo became the top net subscription gainer among Japan's mobile phone service providers in July for the first time in three years, wresting top spot from Softbank Mobile which had retained it for 26 months.** NTT Docomo secured 143,600 contracts on a net basis. Softbank Mobile posted the second largest net subscription gain of 137,600 contracts thanks to brisk sales of Apple's iPhone 3GS handset launched by Softbank Mobile in late June.

## *Semiconductor*

- **Elpida Memory said that it plans to more than double its output of advanced DRAM chips for high-speed computers and servers next month.** Elpida will boost output of its DDR3 chips to about 75,000 wafers per month starting in September, up from its current output of 20,000 to 30,000 wafers per month. As spot prices of DDR3 chips are at about US\$2.10, up around 30 percent from May, Elpida and rivals Samsung Electronics and Hynix Semiconductor started to shift more weight to the new chips.
- **Elpida Memory Inc. has signed a contract to receive around 30 billion yen (US\$307 million) in investment from the state-backed Development Bank of Japan.** The government picked Elpida as its first recipient for de facto public funds under its emergency financial aid program introduced amid the global economic downturn. Elpida will issue two types of preferred shares to the DPJ and the payments will be made by late August. If the investment fails, the government says it will cover 50 to 80 percent of the losses incurred by the DBJ with taxpayers' money.
- **Japanese electronics manufacturers and chip makers are stepping up efforts to boost production of semiconductor chips and liquid crystal display panels to meet burgeoning demand partly due to the government's "eco-point" shopping incentive program.** The consumer electronics appliance manufacturers include Sharp, Toshiba, NEC Electronics, Renesas Technology and Fujitsu. Semiconductor and LCD panel output has returned to levels before the global financial turbulence as progress has been made on inventory adjustments amid a pickup in demand. Eco-points are awarded for the purchase of highly energy-efficient products. The points can be exchanged for merchandise vouchers or electronic money cards with one point basically equivalent to 1 yen (US\$0.10). Sharp boosted LCD panel production capacity at its No. 2 Kameyama factory in Mie Prefecture by 10 percent, starting in August, and that the workers there had given up their summer holidays. The panels are used in Sharp's Aquos televisions and supplied to other manufacturers.

## **Korea**

### *Telecommunications*

- **KT Corp.'s second-quarter net profit nearly tripled because of narrower foreign-exchange related losses and reduced marketing costs.** KT posted a net profit of 456.1 billion won (US\$372 million). KT Corp. absorbed its mobile unit in early June to become the country's dominant player in both the wireless and fixed-line markets. Sales increased 17.7 percent to 3.564 trillion won (US\$2.9 billion). Operating profit dropped to 1.1 percent because of weaker revenue from fixed-line operations and broadband internet services. As sales were rising in July, the company will try to achieve sales and profitability growth in the second half.
- **SK Telecom is planning to sell its 15.3 percent stake in Virgin Mobile USA, ending one phase of that firm's foray into the U.S. mobility market using the mobile virtual network operator**

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**model.** SK Telecom also had been an investor in the failed Helio venture launched in conjunction with EarthLink.

## *Semiconductors*

- **Samsung Electronics and Hynix Semiconductors are raising chip prices to meet a rising demand for DRAMs.** Samsung said that the company is planning to raise their products' prices by an additional 5 percent to 10 percent this month. The Korea Times has reported that there is an expected growth in the demand for PCs from the third quarter, which is a traditionally busy season for the electronics industry. Samsung's key clients are Dell, Hewlett-Packard and Apple of the U.S. Chipmakers negotiate prices with their customers roughly twice a month. The NAND flash memory market has also begun to stabilize and officials expect it to move toward a supply-demand balance.
- **Hynix Semiconductor announced the appointment of Ji Bum Kim as the new Chief Marketing Officer.** J.B. Kim replaces Dae Su Kim, who has currently resigned. In his new position, J.B. Kim will be responsible for all Sales and Marketing functions at Hynix, covering DRAM, NAND Flash, and CMOS Image Sensors.

## **China**

### *Internet*

- **Alibaba.com widens its loans with the signing of agreements with China Construction Bank (CCB) to expand its loan-assistance program to small companies in Hangzhou, Zhejiang province and Shanghai.** CCB and the Shanghai, Zhejiang and Hangzhou governments will set up a reserve pool of 60 million yuan (US\$8.8 million) in each region as a guarantee for the loans. Each loan under the Ali-loan program is at 2 million yuan (US\$292, 706).
- **Alibaba.com Ltd. is planning to establish a joint venture in India to provide business-to-business e-commerce services.** The new Indian firm will be similar to the joint venture Alibaba.com set up with Japanese mobile telephone and Internet company Softbank. The Japanese joint venture caters to local small and medium firms. An assistance program launched in 2007 by Alibaba.com's parent, Alibaba Group has helped around 1,400 small and medium-sized enterprises in China's Zhejiang province obtain loans in excess of 2.6 billion yuan (US\$380.3 million) as of June 30. While the non-performing loan ratio among commercial banks in China was 1.77 percent as of June, the ratio on the so-called "Ali-loans" for the same period was 1.08 percent.
- **Ctrip.com International recorded its second quarter profit of 159 million yuan (US\$23 million), up 33 percent year-on-year and 31 percent sequentially.** Total revenues were up 26 percent annually and 18 percent higher quarter-on-quarter to US\$69.73 million, its highest net revenue record in recent years. Hotel reservation revenues contributed 227 million yuan (US\$33 million), up 16 percent year-on-year and 21 percent quarter-on-quarter, while air-ticketing revenues grew 32 percent annually and 20 percent sequentially to 222 million yuan (US\$33 million). The company attributed the growth to increasing reservation/sales volume, offset somewhat by decreasing commission rates. Packaged-tour revenues hit 36 million yuan (US\$5 million), up 51 percent on an annual basis, but sliding 5 percent from the previous quarter. H1N1 flu had had an impact to the company, as well as seasonality factors.



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## *Hardware*

- **Hewlett-Packard and Foxconn International Holdings have agreed to jointly invest US\$3 billion to develop a laptop personal computer manufacturing hub in Chongqing with a production capacity of 20 million units a year.** The manufacturing base will be fully operational in 2012 with most of the computers being exported to European markets. The project, together with other complementary sectors, would have an industrial output worth up to 400 billion yuan (US\$58.5 billion) by 2012, or 25 percent of Chongqing's industrial output, which would see the information technology and electronics sectors outpace the car and motorcycle industry as the biggest industry in the city. The global financial crisis and cost-efficiency pressures are driving major technology manufacturers to redeploy their China operations from the country's coastal areas to inland region.
- **Pypo China Holdings Limited has entered into a definitive agreement to acquire Shanghai Xieheng Telecommunications Equipment Co., Ltd.** Xieheng operates over 200 mobile phone retail stores in Shanghai, Chongqing, Guangdong, Shandong, Jiangsu, Zhejiang, Anhui and Hunan provinces in China. After the completion of the acquisition, Pypo will operate a nationwide mobile communication product retail network of nearly 430 retail stores in over 14 provinces and 80 cities in China. The acquisition will significantly increase the size of Pypo's retail sales establishing it as the largest mobile phone specialty retailer in China in terms of sales volume. Pypo will acquire 100 percent of the equity interests in Xieheng, including all interests that Xieheng holds in certain of its controlled entities in China, for approximately US\$46.8 million plus the value of the net assets of Xieheng as of July 31, 2009, all in cash. The value of the net assets of Xieheng as of July 31, 2009 is estimated to be no more than US\$1.46 million. Subject to the completion of Xieheng's internal restructuring and other customary closing conditions, the transaction is expected to close in the fourth quarter of 2009.

## *Telecommunications*

- **China Unicom says commercial trials of its 3G mobile service will expand to 168 more cities next month as its network catches up with rivals.** The company, which began its 3G mobile service in May, has continuing commercial trials in 100 cities, bringing the total to 268 cities offering 3G services next month. The newly added cities are in 18 provinces, including Anhui, Fujian, Guangdong, Hebei, Heilongjiang, Hunan, Liaoning, Sichuan and Yunnan. Unicom has budgeted 110 billion yuan (US\$16.1 billion) this year for mobile network expansion. The company, which was late in deploying its 3G network across the nation, is catching up with China Telecom Corp in network coverage. China Telecom offers its 3G mobile service in more than 300 cities. China Mobile has a network covering 38 cities.
- **China Unicom Ltd. plans to cooperate with three Taiwanese telecommunication companies in areas including third-generation mobile Internet and content services.** Zhao Jidong, vice president of China Unicom, arrived in Taiwan and will meet executives from Taiwan Mobile Co., Chunghwa Telecom Co., and Far EasTone Telecommunications Co. China Unicom and Taiwan Mobile will discuss laying an undersea cable connecting Tamsui in Taipei County and Fuzhou in China's Fujian province as well as other undersea cables.
- **China Mobile Ltd. will launch a smartphone powered by Google.** The 3G OPhone will run on Google's Android operating system and is made by Lenovo Mobile. China Mobile will subsidize about half the cost of the OPhone for its prepaid and contract customers. China Mobile will also launch a version of HTC Corp.'s Magic smartphone at the same time, which also runs Android.



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## *Media, Entertainment and Gaming*

- **China exported more than 30 online games to over 20 countries and regions in 2008 to earn overseas revenue of US\$71.78 million, up 30.5 percent year-on-year.** Perfect World generated revenue of 209 million (US\$30.6 million) from game exports, representing 35 percent of China's total game export revenue. NetDragon had 21.9 percent. Kingsoft booked 15.5 percent. Nineyou took in 14.6 percent; and Shanda earned 7.3 percent. 15 China companies had exported a total of 33 in-house developed games in 2008 to earn overseas revenue of US\$70.74 million, up 28.6 percent year-on-year.
- **NetEase's in-house developed Q-style MMORPG recorded an average of 2.39 peak concurrent users (PCU) for 3 days specifically on July 5, August 2 and August 3, 2009.**
- **Giant Interactive hopes to release at least four new games in the second half of 2009.** In-house developed MMORPGs King of the Kings 3 and Xiantu Online and webgame Golden Kingdom will be the first games that Giant releases in the second half. The company will launch its in-house developed sequel to ZT Online, ZT Online II, at the beginning or in the middle of the fourth quarter. In-house developed 3D MMORPG Long Hun ("Dragon Soul") is likely to launch in the first quarter of 2010. The company is developing seven games. Giant planned to start first-round alpha testing of ZT Online II in the third quarter. The company planned to start alpha testing of Long Hunsoon.
- **Tencent announced that its in-house developed Q-style 3D online car racing game QQ Speed recorded 700,000 peak concurrent users and has more than 119 million registered gamers.**
- **China's television direct shopping is seeing a growth in demand after two years of decline, according to Acorn International.** The company recorded a 251 percent increase in net profit to US\$8.5 million for the first quarter of this year as revenue surged 37.3 percent to US\$90.7 million. The company posted a net loss of US\$25 million as revenue fell 4.37 percent to US\$250 million. Growth in television direct shopping soared after it was introduced on the mainland in 2000, especially in the five years to 2007, when the market was worth 10 billion yuan (US\$1.5 billion). More than 100 companies were offering goods on television, with about 33 percent of them including Acorn operating nationally and the rest regional players. Other well-known companies included China Seven Star, Hunan-based HappiGo and Shanghai's Oriental CJ Home.
- **Perfect World announces the introduction of its first 2D real-time fantasy MMORPG, "Dragon Excalibur."** The upcoming launch of the new game 'Dragon Excalibur' is an important part of the strategy of diversifying the portfolio of games. Perfect World has been dedicated to providing a variety of innovative games to cater to a wide range of players with differing interests.
- **Chenggong Multimedia, a Ningbo-based online entertainment company, has licensed 3D fantasy MMORPG Shin Megami Tensei from Japan's Cave Online Entertainment for its mainland China operation.** The company plans to release the game by the third quarter of 2009.

## *Software*

- **CDC Software Corp., which focuses on enterprise software for mid-sized businesses, sank in early trading on its first day as a public company.** A total of 4.8 million shares were sold at the midpoint of the expected price range, which was set by underwriters Lazard Capital Markets and JMP Securities LLC. The stock opened at \$12 a share on the Nasdaq, flat with its initial public offering price, and lost 17% by the close of trading..

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## *Alternative Energy*

- **QS Solar's sales price for a-Si thin-film cells has reached US\$1/watt, the lowest price in the global industry.** The market's target price would be US\$0.80 to US\$0.85/watt in 2011 and US\$0.65/watt in 2012, at which time QS Solar's cost to manufacture thin-film cells will drop to US\$0.5/watt. A 1MW power station constructed with QS Solar's thin-film modules and integrated facilities would require investment of less than US\$2 million, excluding installation fees and land costs.

## *Semiconductor*

- **Semiconductor Manufacturing International Corp (SMIC), citing strong orders, will maintain double-digit revenue growth for the third quarter sequentially and a higher capacity utilization rate.** However, one analyst noted that revenue at the mainland's largest contract chip maker was still not enough to enable it to show a profit. The company posted 82.5 percent revenue growth to US\$267.4 million in the second quarter over the first. This beat analysts' forecasts of US\$264 million, thanks to stronger than expected shipments to communications and consumer customers. The recovery in the semiconductor industry in the past three months was mainly due to a rebound in customer demand across all regions. Greater China revenue was up 87.4 percent in the period, while North America rose 85.3 percent. SMIC's management hinted that revenue will grow 14 to 18 percent this quarter sequentially and it is receiving orders for September. It is also cautiously optimistic about fourth-quarter performance.

## **Hong Kong**

### *Telecommunications*

- **PCCW Ltd. will buy BPO Holding Co., the call center unit of Philippine technology firm IPVG Corp., for US\$22 million.** PCCW will hold 70 percent stakes in U.S.-based call center company Interactive Teleservices Corp. and BPO Teleservices Inc. of the Philippines after the acquisition. Interactive Teleservices and BPO Teleservices serve customers in the banking and finance, information technology, consumer electronics, and travel sectors.
- **Shareholders in Hutchison Telecommunications International Ltd. will potentially receiving a hefty dividend payout.** Scailex Corp. had submitted a bid to acquire control of Hutchison Telecom's 51 percent-owned Partner Communications Co. Ltd. The company didn't disclose a bid amount, even though analysts value the 51 percent of Partner. Hutchison Telecom will use the dividend to finance the capital needs of its unprofitable mobile-phone operations in emerging markets such as Indonesia, Sri Lanka, Vietnam and Thailand. Hutchison Telecom, which owns Hong Kong and Macau mobile operations in separately listed Hutchison Telecommunications Hong Kong Holdings Ltd., last reported full-year earnings in March, posting a sharp fall in 2008 net profit as its year-earlier earnings were boosted by a large one-off disposal gain. Telecom may put some of its other assets on the block, or even sell all the assets in one piece.

### *Alternative Energy*

- **Comtec Solar Technology plans to raise US\$100-150 million through a public offering launched in Hong Kong in the fourth quarter of 2009.** The company will submit a listing application in August. Comtec Solar produces 125mm and 156mm wafers and has a conversion rate of 17 percent.

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## Singapore/Malaysia/Philippines/Indonesia/India

### *Telecommunications*

- **Bharti Airtel Ltd. has extended its exclusive merger talks with South Africa's MTN Group Ltd. from July 31 to Aug. 31.** The two companies had talks again over a complex US\$23 billion combination. If ever the merge occurs, it would create a telecom giant with combined annual revenue of more than US\$20 billion and more than 200 million subscribers. This is the second merging attempt of the two companies. Last year's attempt failed as they couldn't reach an agreement on the structure of the deal. There has been no decision to acquire any shares. The implementation of transaction has been taken by the boards of either Bharti or MTN. The extension of the exclusivity period happened as Bharti finds it difficult to sell the deal to MTN shareholders under the earlier structure. MTN and its shareholders would buy a 36 percent stake in Bharti Airtel. The Indian firm will buy a 49 percent stake in the Johannesburg-based company.
- **PT Excelcomindo Pratama plans to raise US\$300 million via a rights issue.** The rights issue will consist of equity and mandatory convertible notes, or MCN. The size of equity and MCN, final issue price of the common shares and conversion price of MCN will be determined later. The proceeds from the rights issue will be used to repay debt, which will allow Excelcomindo to reduce its financing costs, improve its capital structure and, therefore, provide Excelcomindo the balance sheet strength to continue investing for growth.
- **Bharat Sanchar Nigam Ltd. (BSNL) has called bids from companies to implement a mobile number portability gateway.** The bidders should have supplied, installed, integrated, tested and commissioned the gateways in the networks of at least two telecom-service providers anywhere in the world. A company providing mobile number portability manages a customer's service and billing when the customer changes the service provider without changing the phone number.
- **Bharti Airtel Ltd. is planning to bid for the Sri Lankan mobile network of Luxembourg-based Millicom.** The move could make it the second largest mobile phone operator in the island nation. Bharti Airtel hasn't yet put in a firm bid for the Tigo network but will do so in a couple of weeks.
- **Maxis Communications Bhd. is close to naming the bookrunners for its planned listing in Malaysia.** The planned initial public offering could raise about US\$2 billion. If it goes through, it would likely be the largest in Malaysia for several years and underline the growing appetite for initial public offerings in Asia as the region begins to emerge from the global economic crisis. Malaysian Prime Minister Najib Razak has also been vocal in his support for Maxis's listing. The company would help bring in investors to the Malaysian stock market. The company has not yet formally reached an agreement with any of the banks. The company plans to invest an additional US\$5 billion in its Indian joint venture, Aircel Ltd., to expand the mobile services network in the country.
- **Tata Communications Ltd., requires raising more funds to support its capital expenditure, but also needs to cut debt as interest cost is already high.** The Tata group company is planning 100 billion rupees (US\$2.09 billion) of capital expenditure over three years. The company's interest costs nearly doubled to 3.01 billion rupees (US\$63.1 million). Tata Communications's debt-to-equity ratio climbed to 1.31 in the same period from 0.66 a year earlier as the company funded expansion of its undersea cable network with debt. The Indian government, which controlled the company before the Tata group bought a stake in 2001, still owns 26 percent of Tata Communications. Tata Communications holds 773 acres of surplus land. The land wasn't included in the government's stake-sale deal with the Tata group, but the company's other shareholders could benefit when it is sold.

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- **Bharti Airtel Ltd. has approached State Bank of India for separate loans of US\$1 billion and 50 billion rupees (US\$1.04 billion).** The mobile phone operator plans to raise debt to fund a possible merger with South Africa's MTN Group Ltd. Bharti Airtel is currently in talks with MTN over a complex US\$23 billion combination that would create one of the 10 largest companies in the mobile telecommunications industry. The state-run bank doesn't need to seek approval from the country's capital market regulator.
- **Mahanagar Telephone Nigam Ltd. has sought initial bids from global technology firms, or their Indian units, for a franchise deal to sell its broadband wireless services based on the worldwide interoperability for microwave access, or WiMax, technology.** The deal will be on a revenue-sharing basis.
- **Globe Telecom Inc. has signed a credit facility for US\$75 million that will be used to finance its capital expenditure.** Citibank N.A., Deutsche Investitions-Und Entwicklungsgesellschaft MBH, and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V have jointly provided the facility.
- **Globe Telecom Inc. said net profit in the second quarter rose to 16 percent from a year ago as revenue improved on a larger mobile subscriber base and lower corporate income tax.** Globe had net profit of 3.25 billion pesos (US\$67.7 million), as revenue increased to 15.73 billion pesos (US\$328.9 million). Second-quarter results lifted first-half profit to 7.2 billion pesos (US\$150.5 million) as cellular subscribers increased to 25 million from 22.7 million at the end of June 2008.
- **Globe Telecom's mobile telephone subscriber base is expected to rebound in the coming quarters after taking a hit in the second quarter as the company trimmed marginal subscribers.** Globe ended the second quarter with 25.02 million subscribers, down from the end-first quarter level of 25.64 million, with nearly all the reduction coming from its low-end TM brand. This is the second time in five years that Globe had to purge its subscriber base of low quality subscribers that move from one service provider to another after exhausting the load credits included in a SIM card which are either sold at a token price or given out for free.
- **Philippine Long Distance Telephone Co. had net profit rose as the mobile subscribers rose and the income tax rate lowered.** PLDT's net profit increased to 10.14 billion pesos (US\$211.3 million). Revenue climbed to 36.51 billion pesos (US\$762 million). Core profit was up 11 percent on year, leading the company raise the target for the year. PLDT saw softness in demand by late June. Campaign spending ahead of next year's presidential elections could also provide a leavening effect on consumer spending while the earnings share from the 20 percent stake in power distributor Manila Electric Co. should be income accretive. The company plans to launch new products in the rest of the year, hoping to drive earnings and counter a possible slowdown in demand.
- **StarHub Ltd. said second-quarter net profit rose 21.1 percent on higher service revenue and lower operating expenses.** Net profit for the three months ended June 30 was S\$77.8 million (US\$54.2 million). Operating revenue for the quarter rose 0.2 percent while operating expenses fell 2.4 percent on year. StarHub expects its 2009 service revenue to be maintained at around the 2008 level and retained its dividend guidance to pay a minimum annual cash dividend of S\$0.18 (US\$0.13) per ordinary share for the year.
- **Telstra Corp.'s new boss, David Thodey had negotiations with the government regarding the planned national broadband network.** Buying Telstra shares, and the group's upcoming annual results are an opportunity to add to positions. Telstra's net profit may rise at around 3 percent to

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A\$3.8 billion (US\$3.2 billion). Telstra could benefit, or at least not lose out, from the government's telecommunications revolution if Thodey plays his cards right. Prime Minister Kevin Rudd outlined plans for a new A\$43 billion (US\$36 billion) fiber-to-the home network, which will likely leave large parts of Telstra's fixed line network redundant. Australia's broadband speeds currently lag well behind many other advanced nations, and Canberra wants Telstra to vend some of its fixed line network and infrastructure into the ambitious network to keep the cost down.

- **Australian Communications Minister Stephen Conroy appointed KPMG and McKinsey & Co. as joint lead advisers on a proposed multibillion-dollar broadband network designed to provide high-speed Internet to much of Australia.** The pair was chosen from a field of nine for their experience in broadband, large-scale complex infrastructure projects, and the telecommunications sector. Australia's center-left Labor government in April unveiled plans to build a high-speed fiber-to-the-home broadband network, with investments from the private sector, but is yet to make any decisions on how the network will look, or what changes to legislation will be needed. KPMG and McKinsey will play a key role in bringing the ambitious project to life, advising the government on suitable operating and governance arrangements for NBN Co. Ltd. The firm created to deliver the planned network which has ownership caps, ways to attract private sector investment, and network design.

## United States/Canada

### *Networking*

- **The networking giant Cisco Systems Inc. posted lower sales and profit for the fourth quarter and year ended.** Cisco earned US\$1.1 billion on sales of US\$8.5 billion in the fourth quarter compared to a year earlier of US\$2 billion on sales of US\$10.4 billion in the same period. For the year, Cisco earned US\$6.1 billion on sales of US\$36.1 billion compared to previous year of US\$8.1 billion on sales of US\$39.5 billion. Chairman Chambers has replaced Cisco's top-down decision making with committees of executives from across the company. Cisco has 59 internal standing committees. The new structure is necessary for the company to avoid the declining growth rates often experienced by large businesses.

### *Media, Entertainment and Gaming*

- **The biggest U.S. television networks are posting declines of 15 percent or more in advertising commitments for the prime-time season starting next month, based on results at CBS and NBC.** Upfront sales at General Electric Co.'s NBC will fall 15 percent to 20 percent. Sales were US\$1.9 billion last year. CBS. will collect about US\$2.1 billion, down from an estimated US\$2.5 billion. Networks' advance ad sales may drop 15 percent to about US\$7.4 billion. Advertisers are paying CBS slightly less per viewer in this year's upfront sales than they did last year. A larger audience at CBS, the only network to expand prime-time viewership last season, is countering the lower price to keep revenue about even on the ads it has sold.

### *Telecommunications*

- **Vonage Holdings Corp. swung to a second-quarter profit due to cost cuts, but the Internet phone service provider continues to struggle with keeping customers.** The company continues to feel the pressure from customers cutting their lines and switching to only using a cellphone. The company has attempted to turn itself around by improving its customer service, offering more features and revamping its marketing campaign, but those efforts have yet to show results. Vonage reported a



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second-quarter profit of US\$2.3 million, reversing a loss of US\$6.9 million. Results included a one-time gain of US\$1 million related to a derivative liability. Revenue fell 3.3 percent to US\$220 million. Vonage, however, lost 89,000 net subscribers as its customer base shrank to 2.5 million lines. The company has been unable to keep its customers from leaving, as the defection rate rose to 3.2 percent from 3 percent a year ago.

- **Comcast Corp.'s second-quarter earnings rose 53 percent, helped by solid revenue growth and a tax gain, while its subscriber additions continued a sharp slowdown on rising competition and the economic slump.** The cable giant beat expectations on both its top and bottom line. The company earned US\$967 million, or 33 cents per fully diluted share, in the quarter. That beat the average earnings estimate of 25 analysts polled by Thomson Reuters First Call, which was 26 cents per share, but Comcast said the results included favorable settlements related to federal and state taxes. Comcast earned US\$632 million, or 21 cents per fully diluted share, in the second quarter of last year. Comcast had revenue of US\$8.93 billion in the quarter, up from US\$8.6 billion in the second quarter of 2008. The average revenue estimate of 20 analysts polled by Thomson Financial First Call was \$8.86 billion. The cable industry remains a bright spot in the media business as consumers continue to pay monthly bills for TV, phone and broadband Internet service even while they cut back on other items. But its slowing growth is a concern as cable providers face a barrage of new competition from telecommunications giants like Verizon Communications Inc. and AT&T Inc. offering rival services in more markets. That comes as the U.S. housing slump has become a major drag on the ability of cable companies to find new customers.
- **Nortel Networks Corp. defended its plan to sell its wireless network gear operations to L.M. Ecrisson Telephone Co., countering arguments Nortel is giving away assets funded by Canadian taxpayers and is undermining Canada's national security.** Some politicians and pundits have argued against the sale, claiming Canadian taxpayers helped Nortel fund the development of technology and patents for its CDMA and next-generation LTE wireless next-generation technology. Nortel has never received any government research and development tax credits for its LTE and CDMA technologies. Nortel has been disqualified from access to these tax credits because of its losses. Canada's Export Development Corp. provided Nortel in 2003 a bond facility to help it support commitments to customers, but the financial aid was for not for research and development. EDC also provided Nortel with financial support to help it operate after its bankruptcy filing.
- **TELUS Corp. posted lower earnings and revenue in the second quarter, leading it to lower its guidance for the year.** Earnings decreased to 9 percent but results in the latest quarter included favorable income tax-related adjustments of about C\$19 million (US\$17.5 million). Excluding the adjustments, earnings would have been down 16 percent from a year earlier. Revenue fell slightly to C\$2.38 billion (US\$2.2 billion). The 1 percent drop reflects continued declines in voice revenue, which more than offset growth in data revenue. The company boosted its capital spending by C\$122 million (US\$112.8 million) to fund its ongoing wireless and wireline broadband build-out initiatives, which pushed free cash flow down 43 percent. Free cash flow was also hurt by increased restructuring costs and pension contributions.
- **Manitoba Telecom Services Inc. had a weaker-than-expected second quarter and while it still expects the second half of the year to be in line with its performance in the first six months of 2009, it slightly lowered its earnings target.** Revenue was decreased to C\$464.3 million (US\$429 million). Growth-services revenue improved slightly, while legacy-services revenue fell almost 9 percent. Free cash flow from continuing operations was C\$59.9 million (US\$55.4 million). Manitoba Telecom is the incumbent communications provider in Manitoba. Its principal operating subsidiary is

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MTS Allstream. The company's enterprise-solutions division, which includes Allstream, experienced more recessionary pressure during the quarter than it had expected, but continues to be positioned to benefit from a recovery in enterprise spending once the economy improves.

## *Internet*

- **Google Chief Executive Officer Eric Schmidt is resigning from Apple's board, because of the rivalry between the two companies.** Schmidt should restrain for more meetings because of potential conflicts of interest. Google is developing a computer operating system based on its Chrome Web browser, competing with software from companies including Apple. Google expanded into computer and mobile-phone software, making them as direct competitors to Apple's products. Schmidt's move is a reversal from his stance three months ago. He had no plans to resign even if he violated the U.S. antitrust rules.
- **Slide Inc. has raised a total of about US\$75 million, for creating some of the most popular applications on social-networking sites, including a game called SuperPoke.** Slide opened an ad-sales office in New York last summer and hired a team to sell standard online ads, such as the graphical ads that border a Web page. It typically sold such ad campaigns for US\$50,000 to US\$200,000. Slide is stopping those ad efforts and has recently fired its ad-sales team. The company is focusing on selling branded entertainment campaigns, in which an advertiser is integrated into games that are already popular among consumers. It is also ramping up its virtual-goods business, such as spoofs of famous works of art. It hopes that segment will account for the majority of its revenue this year.
- **Google will issue US\$106.5 million in stock to acquire On2 Technologies Inc. as the Internet-search giant looks to buttress its video operations.** On2 makes video-compression technology, making a quick transfer of large video files across the web. The technology represents a key asset as online-video viewership continues to surge. On2 has software that helps make high-definition video playback possible on mobile devices. On2's clients include Adobe Systems Inc., Nokia Corp. and Infineon AG. On2's revenue dropped 10 percent to US\$4 million as the company's loss narrowed. The company has been cutting costs to save cash, which as of March 31 totaled US\$3.2 million, down 24 percent from a year earlier.

## *Software*

- **Microsoft Corp. agreed to hire no less than 400 Yahoo employees once the companies' planned Internet search advertising partnership begins.** Microsoft will pay Yahoo US\$150 million over three years to help cover Yahoo's costs in getting the partnership started. Microsoft and Yahoo had plans of a 10-year search advertising partnership to team up and challenge market leader Google. Yahoo investors have generally responded coolly to the partnership. Yahoo didn't manage to reach better terms including large up-front payments from Microsoft. Microsoft will provide its search technology to power Yahoo sites, and will hand Yahoo 88 percent of any resulting search advertising revenue during the first five years of the deal.
- **Microsoft coping with its first annual sales drop, would start making cost cutting a standard within the company.** Microsoft, which slashed US\$3 billion in operating expenses and eliminated about 5,000 jobs this year, expected software industry sales to expand 5 percent to 10 percent annually after the recession ended. That compared with Microsoft's 18 percent sales growth last year. The company also faces a new challenge from Google and Apple, forcing it to keep spending on new product development. Microsoft would save a few hundred million dollars this year by using



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computers in data centers more efficiently and distributing programs over the internet. Managers wanting to hire workers will need to balance them against cuts in other areas, and the company will trim spending on travel and company parties. Microsoft may move some customer support to countries with cheaper labor.

- **Microsoft is close to an agreement to sell its Razorfish Internet advertising agency to Publicis Groupe SA, owner of the Saatchi & Saatchi ad firm.** The deal could be signed as early as Aug. 9. Microsoft acquired Razorfish, which designs digital advertising campaigns, as part of its US\$6 billion purchase of AQuante Inc. in 2007. In buying Razorfish, the company would expand its digital-ad business as demand slows for print and television campaigns. Microsoft planned to keep the ad agency and run it as an independent unit, separate from the company's Internet business. Razorfish, whose clients include Coca-Cola and Visa, also works with Microsoft rivals Google and Yahoo!. Publicis and other ad agencies are coping with slumping demand during the recession. First-half profit and revenue fell, hurt by slackening ad spending and the bankruptcy of its client General Motors Corp.

## *Hardware*

- **Technology firm Garmin Ltd.'s second-quarter profit dropped 37 percent on currency and investment gains, but results handily topped analysts' downbeat expectations due to a big jump in profit margin.** Revenue for the maker of global positioning system units surged 53 percent when compared to the first quarter, and Chairman and Chief Executive Min Kao also highlighted the company's cost-cutting steps and higher prices. Garmin and its Dutch rival, TomTom NV, have been hurt by a sharp drop in consumer spending and increasing competition from mobile phones. Last month, TomTom reported a 62 percent drop in second-quarter profit and a 19 percent decline in sales. Revenue dropped 27 percent to US\$669.1 million. Analysts' average estimates were for per-share earnings of 51 cents on revenue of US\$657.1 million. Gross margin rose to 52.6 percent from 45.8 percent.
- **Apple may add US\$1.2 billion to sales next year if it releases a tablet computer that resembles a larger version of the iPod Touch.** The company may be able to sell 2 million tablet computers with a price tag of US\$600, adding about 3 percent to revenue. He hopes Cupertino to release the device early next year. A tablet would help Apple compete with netbook computers by offering a machine that could surf the Web and play movies. Sales of netbooks and laptops that typically cost less than US\$500 will almost double this year, compared with a 12 percent drop for the total personal-computer market.

## **Europe**

### *Media, Entertainment and Gaming*

- **Seat Pagine Gialle SpA's first-half net loss widened 12 percent.** Due to tough economic conditions, the company forecasts its revenue fall between 8 percent and 10 percent. The Italian yellow-pages publisher ended the first half with a net loss of 51.1 million euros (US\$72.5 million). It expects its 2009 EBITDA, to be between 520 million euros (US\$737.7 million) and 540 million euros (US\$766 million). First-half overall revenue fell 8.1 percent, as growth of its new online business only partially offset the difficult media market situation. Seat publishes directories in Italy and the U.K. and has invested heavily in directory assistance numbers in Italy and France. It has lately focused investment on its online business, shifting focus away from the declining print directories market.

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## *Telecommunications*

- **Deutsche Telekom AG's chief executive officer for Asia, Calvin Lee, died after he took part in the swimming segment of the Osim Singapore International Triathlon.** Lee graduated from the University of Chicago with a master's degree in business administration and has an honors degree from the National University of Singapore.
- **TTK is pressing ahead with its plan to provide retail services in its domestic market and aims to have 500,000 broadband access accounts by the end of this year.** The company has more than 50,000 retail customers, and has built local fiber-to-the-building networks in certain small and medium-sized cities. The company's goal is to cover 120 cities (with populations of between 200,000 and 500,000) by the end of 2009/2010, with total investment of around US\$1.5 billion planned by 2015. By 2015, the company aims to have 2.1 million broadband customers, including for a 10 percent market share. Average broadband can have up to 10 megabits per second should be possible.
- **OAo AFK Sistema's board agreed to sell its 50.9 percent stake in fixed-line telecommunications operator OAo Comstar United Telesystems to OAo Mobile TeleSystems, a mobile operator which Sistema also controls.** The transaction will be conducted in rubles, since this is a legal requirement, but half of the price will be pegged at a rate of 31.93 rubles (US\$1.01) to the dollar. MTS is unsure to extend the offer to Comstar's minority shareholders.
- **Telecom Argentina reported a first half net profit of 703 million Argentine pesos (US\$184 million). Total revenue was up 4 percent on the year.** The firm's mobile phone business is up 16 percent on the year. Broadband Internet access was up 43 percent on the year, while the number of customers increased to 1.11 million, up 24 percent on the year. The firm is trying to reduce its debt load, which totaled US\$573 million at the end of the first half. The peso lost about 10 percent against the dollar during the first half of the year. Inflation also hit the company hard during the first half of the year. The firm is seeking to control costs, and is focused on lifting revenue through growth rather than through higher prices.
- **Centaurus Capital Ltd., a minority shareholder in Egyptian Co. for Mobile Services would sell its stake to France Telecom at EGP230 (US\$41.60) a share.** A Cairo regulator threw out an appeal of the rejection of France Telecom's last bid for close to EGP230 (US\$41.60) for each ECMS share, which it made after some ECMS minority shareholders in May agreed to sell at that price. The bid was France Telecom's latest attempt to resolve a protracted row with Orascom Telecom Holding SAE over their joint ownership in ECMS's parent company, Mobinil. Mobinil owns 51 percent of ECMS. France Telecom owns 71.25 percent of Mobinil and Orascom hold the remaining 28.75 percent that the international arbitration court in March ordered the Egyptians to sell to France Telecom. France Telecom holds about 36 percent of ECMS. Orascom also has a 20 percent direct stake in ECMS and the remaining 29 percent is in free float.
- **The French government launched the bidding process for the license for a fourth national mobile network.** The company confirmed the asking price of 240 million euros (US\$344.5 million) in the government gazette. France Telecom would contest the price with the European Commission. The price is only around a third of the 619 million euros (US\$888.7 million) that Orange and fellow operators Bouygues Telecom and SFR paid in the early years of this decade. The deadline for candidates to lodge their bids has been fixed at Oct. 29, with the granting of the license around eight months from that date. The parent company of French Internet service provider welcomed the launch of the bidding process and would be a candidate.

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- **Spirent Communications PLC doesn't expect demand for next-generation solutions to cover the fall in sales of older legacy solutions until the second half of 2010.** Although demand for new technologies and innovation is being seen, it decreases in activity in legacy products and other products, which have consumer spending as the end market. Spirent posted a 15 percent rise in first-half sales to 139 million pounds (US\$231.9 million) for currency benefits. At constant currencies sales fell 10 percent. The results benefited from drop in the average sterling to dollar exchange rate. The company also hedged its 2009 expected U.S. dollar exposures, which resulted in a 4 million pounds (US\$6.7 million) increase in revenue during the period. Spirent made a first-half pretax profit of 24 million pounds (US\$40 million).
- **Wind SpA's first-half net profit rose 15.6 percent due to a growth in clients in both mobile and broadband.** Revenue rose to 5.7 percent while EBITDA increased 2.4 percent. Wind's number of broadband Internet clients rose 17.9 percent to 1.88 million in the first half. The telecom operator's net debt at the end of June was at 5.99 billion euros (US\$8.5 billion). Wind sold a 2.7 billion euros (US\$3.8 billion) high-yield bond last month, in Europe's biggest junk bond offering since October 2006.
- **Portugal Telecom SGPS SA's (PT) second-quarter net profit fell 20 percent as capital expenditure rose and lower mobile termination rates squeezed cellular revenue.** Net profit was 89.7 million euros (US\$127.2 million). Revenue fell to 2.5 percent but EBITDA rose 1.6 percent. Tax provisions rose 76 percent in the quarter while net debt stood at 6.16 billion euros (US\$8.7 billion) at the end of June. European telecommunications companies, including PT, have been forced to lower their mobile termination rates recently. Termination rates are the fees operators charge each other to connect calls. PT, like most European incumbents, gets a bigger portion of its revenue from mobile termination rates compared with smaller players.
- **Hellenic Telecommunications Organization SA, or OTE, had a difficult second half after reporting a larger-than-expected 97 percent drop in second-quarter net profit because of the weak sales and the cost of a retirement program.** The company hopes to continue cutting costs and adding new services to maintain margins. Net profit for the three months to June 30 was 4.7 million euros (US\$6.7 million). OTE, in which Deutsche Telekom has a 30 percent stake, struggled with lower revenue as weak mobile sales and continuing declines in fixed-line operations bit into earnings. Revenue fell 6.5 percent, while operating income slumped 37 percent. OTE, Greece's one-time monopoly phone company, has had its domination of the market steadily shrink in recent years as it loses customers, particularly in its fixed-line operations, to rivals. Second-quarter revenue for the fixed-line division fell a larger-than-expected 8.7 percent.
- **Deutsche Telekom AG became the latest European telecoms operator to confirm its full-year guidance.** It reported sales and operating performance in-line with market expectations and said there are signs of stabilization in the U.S., U.K. and Poland, where it has struggled recently. With the consolidation of Hellenic Telecommunications Organization SA (OTE) from February, sales and earnings would have fallen. Deutsche Telekom has a 30 percent stake in OTE, which reported sharply lower net profit on a retirement charge and weaker mobile and fixed-line revenue, a trend experienced throughout Europe by major operators due to increased competition and regulatory pressure on prices.

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- **TeliaSonera announced that an arbitration tribunal has ordered Turkish conglomerate Cukurova to hand over all its remaining shares in mobile operator Turkcell Holding to the company, giving it a majority stake in the Turkish mobile operator and possibly ending a years' long spat.** A resolution to the issue would increase TeliaSonera's exposure to the fast-growing Turkish telecom market. Cukurova must transfer the shares to TeliaSonera in exchange for US\$3.1 billion cash. TeliaSonera can claim damages of US\$1.8 billion if the shares aren't handed over. Unlisted Turkish conglomerate Cukurova agreed in March 2005 to sell its stake in Turkcell to TeliaSonera for US\$3.1 billion.
- **Daisy Group PLC has acquired AT Communications Group PLC and Eurotel Ltd. from their administrators for its first steps in consolidating the fragmented reseller market.** Daisy has bought U.K.-based information and communications group AT Communications for 7 million pounds (US\$11.7 million) in cash and 1,169,591 warrants, exercisable into one share in Daisy at 85.5 pence each. Eurotel, a telecoms and information technology supplier, was acquired for 13.5 million pounds (US\$22.5 million) in cash and 584,795 warrants, exercisable into one share in Daisy at 85.5 pence (US\$1.43) each. Both the acquired firms entered administration. Daisy has appointed Ian Butcher as a non-executive director with immediate effect.
- **Iliad SA said revenue rose 40 percent in the first half, sustained by the acquisition of Alice and a rise in broadband subscribers at its Free brand, and maintained its short-term and long-term targets.** The company will be a candidate for France's fourth third-generation mobile license, for which the group would have to pay 240 million euros (US\$340.5 million). Revenue increased to 969.8 million euros (US\$1,375 million). Iliad's Free brand recruited 200,000 new ADSL subscribers in the first half, resulting in a market share of 24.8 percent of net additional customers. The company was gaining market share from France's other operators such as France Telecom's Orange and Bouygues' Bouygues Telecom by positioning itself as a lower-cost broadband operator and running an aggressive advertisement campaign. Iliad had a total of 4.37 million broadband subscribers at the end of June, up from 4.23 million at the end of December 2008.
- **Deutsche Telekom's Polish unit Polska Telefonia Cyfrowa's revenue dropped only slightly in the first half despite heavy price pressure, reflecting improved performance in the second quarter from the previous quarter as the company managed to attract new clients.** The Polish unit's revenue was up 4.5 percent in the second quarter to 1.96 billion zlotys (US\$681 million) compared to the first quarter. First-half revenue dropped only 0.5 percent year-on-year despite heavy price pressure, due to a 4.5 percent net growth of the subscriber base and the low churn rate. PTC is one of the top-three mobile telephone operators in Poland, alongside the mobile unit of France Telecom-controlled former monopoly Telekomunikacja Polska, and state-controlled Polkomtel. PTC's second-quarter earnings before interest, taxes, depreciation and amortization rose 3.8 percent from the same period a year earlier, while the EBITDA margin rose 1.8 percentage points year-on-year to 38.7 percent at end-June. The company attributed the improvement in profitability to its cost-cutting measures and the growing subscriber base.
- **Magyar Telekom Nyrt. revised downward its targets for full-year revenue and EBITDA as a result of a worsening economic environment in the second quarter amid the global crisis.** Second-quarter net profit totaled 23.13 billion forints (US\$124.7 million). Second-quarter net profit was down by a sharp 27 percent and lower by a modest 7 percent, when last year's figure is adjusted for a provision reversal. The company now forecasts a deeper drop of about 2 percent in 2009 revenues, versus an earlier expectation of a 1 percent decline. In the January-June period, revenue was down 2.1 percent.

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## *Media, Gaming and Entertainment*

- **Virgin Media Inc. reported a slight decline in second quarter sales and a substantially narrower net loss from last year when earnings were hit by an impairment on the group's mobile business, and it gave a positive outlook for the second half.** Virgin Media's net loss in the quarter ending June 30 narrowed to 49 million pounds (US\$81.7 million). Revenue fell to 936 million pounds (US\$1,561 million).

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

### *Telecommunications*

- **TIM Participacoes SA's net loss decreased in the second quarter, as a broad company restructuring reflected positively on operational results.** The company had a second quarter net loss of 15.2 million Brazilian reais (US\$8.3 million). EBITDA was up 15.5 percent on the year with margin of 22.3 percent, up from 20 percent in the same quarter of 2008. The cellphone provider is in the middle of a restructuring aimed at improving the quality of its services and refocusing on the higher-end postpaid segment of the Brazilian market. The company's revenue increased. Second-quarter net revenue was up 3.7 percent. The company's operating costs was up 0.8 percent. TIM ended the second quarter with 37.8 million clients, up 11.9 percent from the same period of 2008.



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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 8/7/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	97.5500	3.1%	2.3%	5.8%	-13.3%
Hong Kong dollar	HK\$/ US\$	7.7502	0.004%	-0.001%	0.0%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8316	-0.004%	-0.04%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.4403	0.2%	-0.9%	-1.4%	-0.4%
South Korean won	KRW/ US\$	1,224.0000	0.1%	-3.4%	-7.0%	30.8%
New Taiwan dollar	NT\$/ US\$	32.7450	-0.2%	-0.7%	-0.1%	0.8%
Australian dollar	US\$/A\$	0.8370	0.2%	5.0%	17.9%	-4.3%
New Zealand dollar	US\$/NZ\$	0.6715	1.5%	5.7%	14.8%	-13.2%
Philippine peso	PHP/ US\$	47.8200	-0.3%	-0.7%	1.3%	16.1%
Euro	US\$/€	1.4185	-0.4%	1.5%	2.2%	-3.6%
British pound	US\$/£	1.6680	-0.2%	2.5%	14.9%	-16.3%

## Fixed Income Prices and Yields

Note	Currency	Current (on 8/7/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	94.22	4.66%	99.19	4.35%	98.17	4.36%
Japan 30-year	¥	99.82	2.32%	99.47	2.34%	102.53	2.15%
Hong Kong 10-year	HK\$	99.33	2.74%	101.16	2.52%	98.97	2.69%
China (06/16)	US\$	110.48	3.00%	110.51	3.00%	111.57	2.90%
Singapore 10-year	S\$	99.56	2.57%	100.77	2.43%	98.87	2.63%
South Korea 20-year	KRW	10,158.63	5.64%	10,193.89	5.60%	10,387.64	5.32%
Australia 15-year	A\$	100.18	5.73%	100.44	5.70%	103.06	5.40%
New Zealand (12/17)	NZ\$	100.71	5.97%	101.47	5.86%	101.65	5.80%
Philippines 20-year	PHP	102.95	9.38%	102.97	9.38%	101.79	9.30%
India 30-year	INR	87.00	8.14%	88.15	8.05%	89.05	7.78%
UK 30-year	£	106.84	4.38%	103.92	4.56%	105.51	4.41%
Germany 30-year	€	101.74	4.13%	104.42	3.98%	102.75	4.09%

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