



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

Week of 14 September 2009 - 20 September 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 (9/18/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,068.30	2.5%	9.0%	18.3%	-27.2%
Dow Jones Industrial Avg.	9,820.20	2.2%	7.5%	11.9%	-26.0%
Dow Jones Tech. Index	373.78	1.5%	10.4%	48.7%	-18.6%
Dow Jones Telecom. Index	216.90	0.5%	8.6%	8.6%	-30.8%
NASDAQ Composite	2,132.86	2.5%	10.5%	35.2%	-19.6%
Japan Nikkei 225	10,370.54	-0.7%	1.0%	17.1%	-33.7%
JASDAQ	49.93	-0.8%	-0.2%	3.6%	-30.8%
Japan Mothers	461.56	-0.4%	1.5%	42.7%	-41.1%
Korea KOSPI Composite	1,699.71	2.9%	9.9%	51.2%	-10.4%
Korea Kosdaq	531.53	0.6%	2.6%	60.1%	60.1%
Taiwan Stock Exchange	7,526.55	2.6%	8.6%	63.9%	-11.5%
Singapore Strait Times	2,653.94	-1.4%	2.3%	50.7%	-23.4%
Hong Kong Hang Seng	21,623.45	2.2%	7.4%	50.3%	-22.3%
Hong Kong GEM	660.35	2.7%	4.7%	71.3%	-51.1%
China Shanghai (A-Share)	3,109.17	-0.9%	3.2%	62.6%	-43.7%
China Shenzhen (A-Share)	1,081.95	1.4%	7.8%	86.1%	-28.9%
China Shanghai (B-Share)	203.91	0.4%	7.8%	83.8%	-44.3%
China Shenzhen (B-Share)	523.09	-0.2%	7.8%	92.8%	-26.3%

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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 2/15/08	% Change From Offer
N/A						

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

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Weekly Highlights

International

Mobile/ Wireless

- **Global shipments of environmentally-friendly mobile phones could reach close to 500 million by 2014.** The analyst firm predicted that the growth of the green handset market will be driven more by a shift in consumer demand than initiatives from phone makers. Shipments of environmentally-friendly handsets are expected to reach a quarter of a million this year. If demand becomes widespread, and handset makers are more proactive at recycling phones and introducing environmentally-friendly components into their devices, then shipments of green phones could top 485 million by 2014. However, if the shift in consumers' attitudes towards green phones is less marked, the research firm predicts just 105 million shipments by the same date.

Japan

Mobile/ Wireless

- **Willcom Inc. planning to ask creditor banks to allow a delay in the payment of some 100 billion yen (US\$1 billion) in debts due to a decline in subscribers.** In order to revive its business, Willcom will have to apply for a type of private rehabilitation which combines features of both a court-mandated liquidation and a voluntary liquidation. The company will aim to turn itself around with the help of a third-party body specializing in private rehabilitation while continuing PHS mobile services. On a net subscription basis, fresh subscriptions minus cancellations. Willcom has suffered continuous drops in contracts, registering a net subscription loss of 30,900 in August.

Telecommunications

- **NTT DoCoMo Inc. will sell its 16.5 percent stake in Malaysian mobile telecommunications firm U Mobile Sdn. Bhd. to the latter's major shareholder U Television Sdn. Bhd. for US\$100 million.** U Mobile provides third generation, or 3G, mobile phone services in Malaysia with technological support from DoCoMo and South Korea's KT Freetel Co., which also bought a 16.5 percent share of the company. DoCoMo, whose overseas investment is mainly in Asian telecom businesses, also withdrew from a capital tie-up with Dutch firm KPN Mobile NV in 2005.
- **KDDI Corp. will be on the hunt for more acquisitions in Asia as it seeks to boost overseas sales.** The firm will take a majority stake in DMX Technologies Group Ltd. through a S\$188.4 million (US\$133.1 million) investment. KDDI Director of Global Business Development Yasunori Matsuda told the paper that DMX's strong China business was a big draw, as the country is the most important market for KDDI's Asian business.

Semiconductors

- **Renesas Technology Corp. and NEC Electronics Corp. said their parent firms plan to inject a total of 200 billion yen (US\$2.2 billion) as they move toward a merger next April.** The merged entity, expected to be called Renesas Electronics Corp., will likely become not only Japan's largest semiconductor maker, surpassing Toshiba Corp., but also the world's No. 3 chipmaker, trailing Intel Corp. of the U.S. and Samsung Electronics Co. of South Korea. Before the merger, loss-making Renesas will first issue shares to its parent firms, Hitachi Ltd. and Mitsubishi Electric Corp. to raise 78

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billion yen. The merged entity will then issue shares worth 122 billion yen (US\$1.3 billion) to NEC Corp., Hitachi and Mitsubishi Electric.

- **Sanyo Electric Co. Ltd. and Dutch navigation device maker TomTom NV said they will team up to produce multimedia navigation systems.** Sanyo, which is unprofitable, said that through collaboration with TomTom it can tap into potentially lucrative growth in North American and European markets as the auto industry shows signs of recovery while other Sanyo businesses suffer from weak consumer demand. The firms aim to produce multimedia devices that combine navigation-based functions with other features, such as a DVD player. While navigation systems built into vehicles are commonplace in its home market, portable navigation devices such as those produced by TomTom, often fitted separately to cars after they are sold, are more popular in Europe and North America.

Korea

Hardware

- **LG aims to double its market share for handset sales in Thailand this year through expansion using a new direct distribution channel and the entry into the untapped mid-end mobile phone segment.** The South Korean handset manufacturer expects to sell up to 600,000 units this year for a market share of 8 percent, up from 300,000 units sold last year. Pavich Wasanasomboon, marketing manager of LG Electronics Thailand, said fast-growing smartphone demand would fuel the sales. The smartphone market in Thailand is expected to grow by 6-10 percent this year with a total sales volume of 1.5 million units, including phones such as Apple's iPhone, Research in Motion's BlackBerry and handsets based on Microsoft's Windows platform. LG will focus on easy-to-use and affordable smartphones because existing smartphones are expensive and difficult to use.

Mobile/Wireless

- **Com2uS Co. said the company made it onto U.S. magazine Forbes' list of the best 200 Asia-Pacific small and medium enterprises for the second consecutive year.** Com2uS has been listed in Forbes Asia's 200 Best Under a Billion in 2009. The list is an annual compilation of the Asia Pacific's 200 best public-listed corporations with under US\$1 billion in revenue. The list was published in Forbes Asia's magazine edition dated September 2009. Com2uS was recognized as one of 23 corporations from South Korea on the list, which was culled from an evaluation of 25,326 public-listed corporations across the Asia Pacific.

Semiconductors

- **Samsung Electronics has partnered with Sigma Designs to provide the SMT-E7200 line of set-top box products.** The new set-top boxes are based on Sigma's SMP8654 media processor system-on-chip (SoC) and support Microsoft's Mediaroom client. The new set-top boxes are initially targeted for deployment in Europe.
- **The joint venture between Korea's Samsung SDI and Germany's Bosch will have to invest 500 billion won (US\$407 million) in an electric vehicle battery plant as part of its bid to gain 30 percent of the global market by 2015.** SB LiMotive has broken ground on its factory to produce lithium ion batteries used to power hybrid and pure electric vehicles in the southeastern city of Ulsan. The plant will start production in 2011. The market for eco-friendly vehicles is expected to grow rapidly, boosting demand for batteries to power electric vehicles. Samsung SDI expects the lithium-ion battery market for electric cars to reach US\$20.4 billion in 2020 from US\$180 million in 2009. Lithium

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ion batteries are currently mainly used in notebook computers, cell phones, MP3 music players and other portable devices but are increasingly being used to power electric or hybrid cars.

- **An analysis report said that Korea's top 3 export items, semiconductors, LCDs and mobile phones—are likely to enjoy being the sole leader at least for six months in the global market.** The Federation of Korean Industries released a report of its survey conducted to 92 analysts in Korea about the period of Korean export items enjoying strong competitiveness. In the report, no one has picked six months or less for semiconductors, LCDs and mobile phones, while 37.5 percent said that both semiconductors and LCDs will enjoy the current strong competitiveness for 6 months to 1 year. Those who said that mobile phones will continue to be competitive for 6 months to 1 year accounted for 62.5 percent.

Alternative Energy

- **Samsung Electronics Co. will step up efforts to develop its solar power business, aiming to become a leader in the global solar power market by 2015.** The company said it has commenced the operation of a 30 MW-preliminary production line of photovoltaic (PV) cells. Photovoltaic cells, also known as solar cells, make up a photovoltaic module, which is used as a component in a larger system to convert solar energy into electricity for commercial and residential applications. While South Korean electronics makers started their research and development on solar cells a few steps behind their competitors in the U.S. and Japan, they are expected to catch up soon. South Korean manufacturers can easily utilize technologies used in semiconductors and liquid crystal displays (LCDs), as their manufacturing processes are similar.

China

Internet

- **Taobao.com will record transaction volume of 200 billion yuan (US\$29.3 billion) in 2009. The company will break even this year.** Transaction volume was up by 97 percent year-on-year, having a 80.9 billion yuan (US\$11.8 billion) in the first half of 2009.
- **A total of 63 million Chinese were running Internet businesses at the end of June, as traders turned to the Web due to its low cost and wide reach amid the global crisis.** The number of new Internet shops has jumped by at least 5,000 a day since a year ago. China has at least 338 million Internet users, more than any other country in the world. 11 million people opened online shops or sold goods on the Internet last year. A total of 74 million people were shopping on the Web in 2008, up 60 percent from 2007. 30 percent of China's white-collar workers had run an Internet shop and 60 percent were interested in starting such a business to make extra money amid the crisis.
- **Alibaba Group's business-to-business (B2B) e-commerce site Alibaba.com will have negotiations for an Indian joint venture (JV) to be complete in a few months and that the company hopes to unveil the JV within a year.**

Mobile/Wireless

- **Sales of 3G cell phones in the Chinese mainland market numbered 600,000 units from January to July of this year, accounting for 0.64 percent of the nation's total cell phones sales.** Of the three types of 3G-standard terminals, accumulative sales of mobile phones of CDMA EV-DO model took the lead to grab 45.3 percent market share. During the reporting period, world's leading cell

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phone manufacturers Samsung Electronics, LG Electronics, and Sony Ericsson respectively snatched 21.3 percent, 20.3 percent, and 18.7 percent market shares in China, ranking top three.

Telecommunications

- **TCL Communication will have sales of handsets and accessories increase by 24.55 percent year-on-year to 1.38 million total units in August, while the sales total for these products in the first eight months of 2009 fell 11.93 percent year-on-year to 7.97 million units.** TCL Multimedia sold 807,561 LCD TVs in August, up 176.3 percent year-on-year, and 563,395 CRT TVs, down 39.1 percent year-on-year. The company sold 2.6 million A/V products in August, up 49.8 percent year-on-year, while A/V sales in the first eight months grew 18.8 percent year-on-year to 13.83 million units.

Media, Entertainment and Gaming

- **Shanda Interactive and its subsidiary Shanda Games will have a combined 63 million American depositary shares between an estimated price of US\$10.50 and US\$12.50 each.** Shanda Games will offer 13 million ADS. Its parent company will offer 50 million ADS to take 78.1 percent of the unit's outstanding Class A and B shares and 97.3 percent of the voting rights. Shanda Games has applied to list on the NASDAQ Global Select Market under the symbol "GAME."
- **Anhui Satellite said satellite TV stations will increase ad charges by more than 10 percent following the publication of the State Administration of Radio, Film and Television's (SARFT) new TV and radio ad regulation.** The new regulation, which forbids satellite TV stations from running TV shopping ads between 6 p.m. and 12 p.m. will impact TV stations in China's western regions heavily. Many western TV stations air TV shopping ads after 10 p.m. and that TV shopping advertising accounts for around 50 percent of their total ad revenues.

Software

- **CDC Software has signed a framework agreement to acquire 51 percent stake in enterprise resource planning software provider Beijing Hejia Software Technology.** Hejia will be CDC Software's major strategic partner in China, said the report. Under the partnership, the parties will jointly develop software products, promote Hejia's software globally via CDC Software's international network, and sell CDC Software products in mainland China via Hejia's network. The acquisition will be conducted in phases and paid for in cash.
- **Kingdee International Software has granted 30 million share options on 17 September 2009, with an exercise price of HK\$1.37 (US\$0.18) apiece.** The validity period will commence from September 2009 to September 2019. The grantee is not a director, chief executive or substantial shareholder of the company, nor an associate of any of them.

Taiwan

Semiconductors

- **TSMC expects revenue in the fourth quarter to grow compared to the current three-month period.** The chip designers Qualcomm and Nvidia had visited contract manufacturers such as TSMC recently. Chang's estimates would be better than market expectations, with analysts polled by Reuters expecting revenue in the fourth quarter to slip about 10 percent to NT\$81 billion (US\$2.5 billion). TSMC has been ramping up production of new chips this year by using more advanced, efficient technology. It is also benefiting as major chipmakers in the U.S., Europe and Japan increasingly outsource production to foundries.

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Mobile/ Wireless

- **Qualcomm Inc. and Cheng Uei Precision Industry Co. jointly set up a company in Taiwan in July with the aim of providing mobile phone-based television services after the Taiwan government starts issuing licenses for such services next year.** Qualcomm hasn't invested money in the new company due to regulatory restrictions on foreign investment, but has appointed some of its high-ranking officials to the venture's management team.

Media, Gaming and Entertainment

- **Carlyle Group LP is swapping control of Taiwanese cable television operator Kbro Co. for a minority stake in Taiwan Mobile Co., betting it can tap cross-selling opportunities on the island with the deal.** The deal puts a roughly US\$1 billion equity value on Kbro and includes Taiwan Mobile assuming a further US\$800 million in debt. Carlyle, the private-equity fund, will take a 15.5 percent stake in Taiwan Mobile, becoming its second biggest shareholder after the controlling Tsai family under the deal. Carlyle will have two seats on Taiwan Mobile's board. Exploiting cross-selling opportunities between Taiwan Mobile's wireless users and Kbro's cable subscribers would follow a global industry trend. In recent years, the telecommunications and cable industries have become increasingly intertwined, with service providers seeking to sell customers package deals that bundle telephone, cable and Internet service.

Hong Kong

Telecommunications

- **CITIC 1616 has granted a total of 35.825 million share options on 17 September 2009, with an exercise price of HK\$2.10 (US\$0.27) per share.** The 1ST 50 percent of the options is exercisable from September 2010 to September 2015; and the remaining 50 percent options is exercisable from September 2011 to September 2016.
- **Hutchison Telecommunications International Ltd. said its minority shareholders approved the company's plan to sell its Israeli unit for US\$1.38 billion in cash and debt.** The company would sell its 51.3 percent stake in Partner Communications Co., Israel's second-biggest cellphone provider by subscribers after Cellcom Israel Ltd., to Israeli mobile handset importer Scailex Corp. Hutchison Telecom, which is 60.4 percent-owned by conglomerate Hutchison Whampoa Ltd., expected to book a pretax gain of about US\$1 billion from the sale.
- **Telkom SA Ltd. is in talks on cooperation with Hong Kong-listed pay-TV and telecommunications company PCCW Ltd.** The negotiations could result in an agreement similar to one Telkom reached earlier this year with AT&T Inc. Telkom and AT&T in April agreed a deal allowing each firm to tap the other's network and explore opportunities in areas such as technology data centers in sub-Saharan Africa. Telkom Chief Executive Rueben September wouldn't confirm or deny talks with PCCW were taking place.

Internet

- **Tencent Holdings Limited participated in the latest round of financing kicked off by U.S. online game publisher Riot Games with US\$8 million.** The other two investors include Benchmark Capital and FirstMark Capital, which injected US\$7 million into Riot Games last year. The investment is believed to boost the latter's leading status as a next-generation online game company adopting extra charging systems. Although extra charging just emerges in the European and North

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American markets, where time billing is more popular, it has been widely accepted by Asian online game operators. Riot Games is among a few companies in the U.S. that attempts the business model.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Telstra Corp. should separate its fixed-line assets from its consumer business or face curbs on mobile-services expansion, as it reorganizes the industry and will have a A\$43 billion (US\$37 billion) nationwide Internet network.** The company will not be allowed to buy new licenses for wireless services unless it complies with the demands. Telstra is disappointed by the government's unnecessary proposal. The government proposal is an offer Telstra cannot refuse because restricting wireless services would undermine the company's ability to expand in its fastest-growing business. Mobile services overtook fixed-line as the company's biggest business by revenue in the six months ended June. Data sales in the division rose 31 percent, versus the 4.9 percent drop in sales from traditional services.
- **NBN Co., the company set up by the Australian government to run its proposed A\$43 billion (US\$37.3 billion) national broadband network has appointed five key executives as Canberra continues to prepare for the new network.** NBN Co. has appointed Jean-Pascal Beaufret, a former executive at Alcatel-Lucent as its chief financial officer. It has also appointed Christy Boyce as head of industry engagement, Greg Willis as head of program delivery and Tim Smeallie as head of commercial strategy. Kevin Brown has been named chief human resources officer and head of corporate services. The appointments come as the government prepares to unveil two key pieces of enabling legislation on the broadband plan: one that will enshrine in law the wholesale nature of the NBN Co.'s operations, and the other that will lay out the regulatory settings needed for the network to succeed.
- **Hutchison Telecommunications International Ltd. said 65 percent-owned unit PT Hutchison CP Telecommunications agreed US\$422.2 million worth of orders and a service contract with Huawei Technologies Co. for the expansion of its network in Indonesia.** Hutchison Telecom will order US\$307.2 million worth of equipment and infrastructure from Huawei by Jan. 1, 2011 and an additional US\$80.0 million worth by Jan. 1, 2015. Huawei will also provide a three-year service contract to expand the network for US\$35.0 million.
- **Samart Corp. has been contacted by Singapore's state-owned investment company Temasek Holdings Pte. Ltd. about the purchase of Temasek's stake in Thaicom PCL.** While the telecommunications company sees an opportunity to expand its business through Thaicom - Thailand's sole satellite operator - buying a stake isn't currently a priority. Temasek units, Cedar Holdings and Aspen Holdings, own a combined 96.1 percent stake in Shin Corp. Shin Corp, previously owned by ousted Prime Minister Thaksin Shinawatra, holds a 41.1 percent stake in Thaicom. Temasek's acquisition of telecommunications firm Shin Corp. raised political and social controversy as the sale allegedly involved the use of local nominees to keep Temasek's holdings under the legal limit.
- **Thaicom PCL earnings should improve due to better utilization of its iPSTAR satellite.** The iPSTAR satellite business provides services to 12 Asia Pacific countries, including Australia, Japan and New Zealand. Thaicom, formerly Shin Satellite, was founded by former Prime Minister Thaksin Shinawatra, who was ousted in a bloodless military coup in 2006.

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- **India's total mobile customer base will be close to 1 billion by the end of 2013, of which 275 million will be 3G services subscribers.** The WCDMA spectrum license auction will open on 7 December, while the contest for EV-DO licences and broadband wireless access spectrum will commence two days after the conclusion of the WCDMA auction. Bharti Airtel will launch 3G services by October 2010 if the government awarded spectrum within 90 days.
- **ITI Ltd. will get a US\$2 billion order from Bharat Sanchar Nigam Ltd. to build a wireless network to offer 25 million connections in western India.** BSNL had called bids for the contract and Huawei Technologies Co. was the successful bidder. But the telecom-services provider didn't give the order to the Chinese company following concerns raised by India's security agencies. BSNL gave the contract to state-run ITI without inviting tenders again as a fresh bidding process would have delayed building of the network.
- **PT Bakrie Telecom's first-half net profit rose to 72.78 billion rupiahs (US\$7 million) due to the increasing customer numbers.** Net revenue rose to 1.33 trillion rupiahs (US\$137.3 million) during the January-June period as its customers increased by 3.5 million to 8.9 million during the period. The company expanded its service coverage to Bukit Tinggi, Singaraja, Tanjung Pinang, and Metro Lampung during the January-June period, bringing the total areas under its coverage to 73.
- **The New Zealand government would proceed with a NZ\$1.5 billion (US\$1 billion) investment to build a national broadband network together with the private sector, while rejecting counterproposals by Telecom Corp. of New Zealand Ltd. and Vodafone New Zealand, a unit of Vodafone Group PLC.** The new network would be established through a new government company, Crown Fibre Holdings that will be operational next month. The government will select 33 regional and national operational partners - to be known as Local Fibre Companies - that will build commercial, open access, dark fiber networks. Crown Fibre Holdings will receive proposals from the Local Fibre Companies by mid-2010.
- **Airtel Ltd. has signed an agreement valued at more than US\$400 million to share about 5,000 of its telecom towers with Datacom Solutions Pvt. Ltd.** Airtel holds 74 percent- has 15,000 towers and operates in 18 of India's 22 telecom service areas. It has licenses to operate in all 22 areas. Airtel has been in the news recently for planning to sell a stake in its tower operations, with firms such as Wireless Tata Telecom Infrastructure and GTL Infrastructure confirming their interest. Datacom Solutions, a company jointly held by Mahendra Nahata, managing director of Himachal Futuristic Communications Ltd., and the Dhoot family, founders of consumer goods maker Videocon Industries Ltd., holds a license to offer mobile telecom services in India, but is yet to start services. The deal will help Datacom roll out services across all circles faster. The company aims to start mobile services by the end of this year. Existing mobile operators are looking to share infrastructure with new players to maximize use of their towers and other assets to boost revenue in the world's fastest-growing cellphone services market.
- **Maxis Bhd., Malaysia's dominant mobile phone operator, is looking at selling 2.25 billion shares in an initial public offering that may raise about US\$2 billion and would be Malaysia's largest IPO in recent years.** The company will have to sell 2.075 billion shares to institutional investors and 174.8 million shares to retail investors. The offer represents 30 percent of the company's existing share capital. No offer price has been set, but analysts estimate Maxis could raise some US\$2 billion.

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United States/Canada

Mobile/Wireless

- **Motorola Inc. is having meetings with large U.S. operators other than initial partner T-Mobile USA to sell its Cliq smartphone, but wouldn't elaborate on key elements about the new product, including pricing.** Deutsche Telekom AG's T-Mobile USA will carry the Cliq in the U.S. Motorola did not finalized the period on when it will be open to consumers or how much it will cost. The Cliq features touches Motorola has added to Google's software. A key feature of Cliq is social networking software dubbed "Motoblur," which syncs a users' phone contacts, emails, posts, feeds and photos from a wide range of messaging and social networking services such as Facebook, Twitter, MySpace and Gmail.

Media, Entertainment and Gaming

- **Cablevision Systems Corp. will start showing interactive advertising to about 3 million digital-television customers next month, becoming the first U.S. cable operator to introduce the ads.** The company has signed on at least six national advertisers to participate in the project. Cablevision customers will be able to use their remote control to click on an ad and get a coupon or free sample of the product by mail, he said. The feature won't interrupt programming. The cable industry aims to use interactive commercials to squeeze more money from a slumping ad market. The effort has been hampered by the technological limitations of older set- top boxes and privacy concerns, causing Canoe to suspend trials of its first product in June.

Telecommunications

- **Avaya Inc. won the auction to buy Nortel Networks Corp.'s enterprise-telecommunications unit and other assets with a bid of US\$915 million.** Avaya will pay US\$900 million in cash and US\$15 million for an employee-retention program. Avaya had made an opening, pre-auction bid of US\$475 million for the unit, which makes phone equipment and networks for companies. Nortel is selling off its main businesses after deciding that was a better option for creditors than trying to reorganize the company and keep it intact. Avaya will increase its share of the corporate phone-gear market. Sales at Nortel's enterprise unit fell 28 percent to US\$465 million in the second quarter.
- **Deutsche Telekom has asked adviser Deutsche Bank AG to study a takeover of Sprint.** The company may make a bid. Sprint and T-Mobile may have enough subscribers to surpass AT&T. Fewer carriers could mean less price competition, a boon for the entire wireless industry. Deutsche Telekom is considering the possibility on calling the shareholders, including the German government which owns a 32 percent stake, for cash to fund such an acquisition. Sprint and T-Mobile USA had US\$13.5 billion in sales and 82.3 million subscribers last quarter. Verizon Communications Inc., which co-owns Verizon Wireless with Vodafone Group Plc, had US\$26.9 billion in sales and 87.7 million mobile customers. AT&T had revenue of US\$30.7 billion and 79.6 million wireless subscribers.
- **Comcast Corp.'s subscriber growth performance, as measured by "revenue-generating units," has recovered from a sharp decline in the second quarter.** Comcast had suffered a slide in the number of high-speed Internet subscribers it added in the second quarter, which was particularly distressing to investors who view that as a growth opportunity for the company. The ongoing slowdown in subscriber growth for the cable industry has been a concern for investors, despite its continued revenue growth. Cable companies face increasing competition from phone companies that have begun offering TV and broadband service in their markets, and the economic slowdown, particularly in the housing market, has also hurt growth.

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- **Axtel SAB said that starting early next year it will add pay TV to its current offering of phone and Internet services after it obtained the necessary government authorization.** Axtel has received a concession from the Communications and Transportation Ministry to provide satellite and pay TV services. Competition in Mexico's residential fixed-line telecommunications market has increased in recent years thanks to cable TV operators selling bundled packages of phone, broadband and pay TV services, known as triple play. Telefonos de Mexico SAB will directly offer pay TV delayed for more than two years as it awaits a decision from the federal government over whether it has to pay a fee to change its telecommunications concession to offer that service.

Internet

- **Google introduced a news reader that lets users more easily flip through stories to boost publishers' readership and earn more advertising revenue for itself.** Fast Flip allows people to quickly page through publications and individual articles. Three-dozen publishers, including the Washington Post, New York Times and Newsweek, are providing content. The company will show ads tied to the subject of articles and share revenue with publishers. The service also works on Apple Inc.'s iPhone and devices powered by Google's Android software. Google Fast Flip is a test product available at the company's Labs Web site. Users can search through articles and share content with their friends. The service also can choose articles based on what users have read in the past. People can click a button to indicate that they liked a certain article.
- **Yahoo! Inc. plans to sell up to US\$150 million worth of shares in Alibaba.com Ltd. Yahoo is a major shareholder, with a 39 percent stake, in Alibaba.com's parent company, Alibaba Group.** That stake is unaffected by the sale. But Yahoo is selling its direct stake in Alibaba.com of 57.48 million shares, or just over 1 percent of the company, acquired during its initial public offering. Yahoo will make a return of at least 47 percent on the IPO price. The move by Yahoo comes just days after Alibaba Group founder and Chairman Jack Ma himself sold 13 million shares in Alibaba.com, raising HK\$270 million (US\$34.8 million).
- **Research firm eMarketer Inc. revised its estimate for the number of people who will use online microblogging service Twitter this year at least once per month, increasing its forecast to 18 million from 12.1 million.** The outlook was tempered, however, by indications that large numbers of users are abandoning Twitter after a short period of experimentation. By 2010, eMarketer expects that 15.5 percent of all U.S. adult Internet users will use Twitter.
- **Intuit Inc. will buy Mint.com for US\$170 million, gaining a free Internet-based service that helps consumers track financial transactions.** Mint.com competes with Intuit's Quicken Online service. More than 1.5 million people use its free site to track their spending. The acquisition lets Intuit eliminate a potential threat. Intuit plans to lessen its reliance on tax-preparation programs, such as TurboTax. Intuit released a Web-based service this year to help consumers manage health costs and introduced credit-card processing software that works on mobile phones. Mint.com has received more than US\$17 million in venture funding. Mint.com looks at consumers' spending habits and provides a graphical display of expenses by category, such as groceries or entertainment. It also proposes better credit-card or mortgage rates. The company aims to boost sales as much as 10-fold this year.
- **A company owned by the founders of Skype filed a copyright suit against eBay Inc. and a group of investors that plan to buy Skype from eBay, a move that could complicate the recent US\$2 billion deal.** The suit extends the drama behind eBay's tumultuous relationship with Skype. Skype's founders, Janus Friis and Niklas Zennstrom, left Skype in 2007, two years after eBay bought

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the online communications provider. Their company, Joltid Ltd., has been embroiled in an intellectual property dispute with Skype since March, putting a cloud over eBay's efforts to unload Skype. At the heart of the dispute is a peer-to-peer technology called "global index" that is owned by Joltid. That technology is also used at the core of Skype's software, which routes calls over the Internet instead of phone lines.

- **AOL Inc.'s chief operating officer, Kimberley Partoll, left the company after Chief Executive Tim Armstrong eliminated her position.** The move is part of a reorganization of AOL's executive suite under the new CEO as he prepares the company to be spun off from Time Warner Inc. this year.

Software

- **Adobe Systems Inc. will buy Omniture Inc. for US\$1.8 billion, expanding into programs that track the performance of Web sites and online advertising campaigns.** Adobe will pay US\$21.50 a share for Omniture, 24 percent more than the closing price. Third-quarter net income fell 29 percent to US\$136 million, or 26 cents a share, from US\$191.6 million. Sales dropped 21 percent to US\$697.5 million in the period ended Aug. 28. Revenue this quarter will be US\$690 million to US\$740 million, Adobe said. Analysts on average estimated US\$723.6 million. Omniture's software will help Adobe's advertising and Web site design customers handle online campaigns. Sales at the Orem rose 22 percent last quarter to US\$87.6 million, while its loss narrowed to US\$4.88 million.
- **Oracle Corp. missed analysts' estimates hurt by slowing demand for databases.** Sales of database and middleware programs dropped 22 percent to US\$711 million in the period ended Aug. 31. Oracle forecast revenue of about US\$5.6 billion to US\$5.8 billion, compared with analysts' projections for US\$5.74 billion. Total new license sales, including Oracle's business- management applications, declined 17 percent to US\$1.03 billion in the first quarter. Software license revenue indicates future growth, when customers later sign annual support contracts.

Hardware

- **Hewlett-Packard Co. (HP) revamped its consumer notebooks to meet growing demand for faster, thinner and lighter machines.** The new ProBook 5310m, which starts at US\$699, and the Pavilion DM3, starting at US\$549, measure less than 1 inch thick. The company also has two new versions of its ultrathin Envy line, with prices starting at US\$1,699. Demand for thin and light PCs will rise faster than the total notebook market in the U.S. over the next five years. Pavilion and Envy models, the company updated its Mini netbooks, scaled-down laptops starting at US\$399. Notebooks accounted for 17 percent of HP's sales last quarter. The new ProBook and Pavilion models will be available in the U.S. on Oct. 22, when Microsoft ships its latest Windows operating system software. The ProBook includes an Intel Corp. processor and weighs 3.7 pounds (1.7 kilograms). It has a 13.3-inch (34-centimeter) screen and a battery that lasts as long as 7 hours.
- **Palm Inc.'s quarterly loss nearly quadrupled as its much-hyped Pre device failed to spark a rebound at the company.** The smart-phone maker also warned of weak demand for its products in the current quarter. The latest quarter was the first full period to reflect sales of the Pre, which was launched June 6. Palm's results were affected by the company's decision to defer much of the revenue from the device. Analysts consider the Pre to be a make-or-break product as the unprofitable company battles rivals such as BlackBerry maker Research In Motion and iPhone maker Apple. Palm didn't break out sales figures for the device, but said it shipped 823,000 smart phones during its first quarter ended Aug. 28, down 30 percent from a year earlier, but more than double from its prior quarter.

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- **Marc Andreessen, who sold his software maker Opware Inc. to HP two years ago, joined the company's board.** Andreessen co-founded and served as chairman of Opware, which HP bought for US\$1.6 billion in 2007. Andreessen is best known as the co-founder of Netscape Communications Corp., a pioneer of Web browsers.

Europe

Media, Gaming and Entertainment

- **Virgin Media Inc. named former Tesco PLC executive Eamonn O'Hare as its new chief financial officer.** O'Hare - for the past four years head of the U.K. finance division of Tesco, the U.K.'s largest retailer with sales of 40 billion pounds (US\$65.1 billion) in the U.K. alone - assumes his responsibilities in November. Previously, he was chief financial officer of telecommunications network operator Energis. Virgin Media has been without a CFO since May, when O'Hare's predecessor Jerry Elliott resigned due to family health reasons. Elliott himself was only appointed at the end of 2008, replacing the long-serving Charles Gallagher. Virgin has moved away from competing with rival British Sky Broadcasting Group PLC for premium content, preferring instead to distinguish its service on a super-fast broadband ticket, which has helped the company improve its customer base.

Telecommunications

- **Turk Telekom AS has secured a 9.5 year loan totaling up to US\$380 million, which will be used for financing products and services.** It will be purchased from Ericsson AB and Ericsson Telekomunikasyon A.S. the loan was secured through ABN Amro Bank N.V., BNP Paribas and ING Bank N.V.
- **OAo Mobile TeleSystems confirmed that it has pulled out of the tender for Kazakhstan's third-largest mobile operator Mobile Telecom Service.** The payback period of the investments did not meet MTS's criteria. New York-listed Mobile TeleSystems registered its interest in Mobile Telecom Service this summer. Mobile Telecom Service would need to invest substantially in order to increase its 3 percent share of the Kazakhstan's mobile subscribers. State-controlled Kazakhtelecom is selling its 51 percent stake in Mobile Telecom Service as part of restructuring, and had set a deadline of Aug. 31 for binding offers.
- **Telekomunikacja Polska (PTK) has reshuffled its executive board ahead of the implementation of a new market strategy.** The supervisory board of the France Telecom-controlled company appointed Vincent Lobry as vice-president in charge of marketing and strategy. Lobry had earlier served as marketing director at France Telecom. Mariusz Gaca, who resigned from his seat on TPSA's executive board, was appointed the new chief executive of PTK Centertel, TPSA's mobile arm. Richard Shearer, previously in charge of the retail market, offered his resignation for personal reasons.
- **Intel Holdings AS will enter the Hungarian mobile telecom market via cooperation with existing mobile firms.** Intel is most likely to offer joint packages with existing Hungarian mobile firms Pannon Zrt., or Vodafone Magyarorszag Zrt. Vodafone Magyarorszag is the Hungarian arm of Vodafone PLC while Pannon is a unit of Norwegian telecom firm Telenor AS. Of Hungary's three-member mobile market, the leader is T-Mobile Zrt., which is owned by Magyar Telekom Nyrt. Magyar is majority-owned by Deutsche Telekom AG.
- **Deutsche Telekom AG's business customer unit T-Systems will buy SAP AG's external hosting business.** T-Systems will host SAP software solutions for around 90 customers in its

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computer center. T-Systems and business software manufacturer SAP anticipate the transaction will be completed in early October, subject to clearances from antitrust authorities.

- **Emirates Telecommunications Corp. had submitted a bid to fully acquire the Sri Lankan operations of Millicom International Cellular S.A.** Etisalat had submitted a binding offer to Millicom on Sept. 4, 2009 to buy 100 percent share in Millicom, Sri Lanka. Millicom owns 100 percent of Celltel Lanka Ltd. It had a little more than 2 million subscribers, as per January data available on the company's Web site. Etisalat and Qatar Telecom plan to expand beyond the region to grow their operations because of the relatively small size of their home markets and high penetration levels. Etisalat has previously will extend its reach to 18 countries in Africa, Asia and the Middle East. The operator presently has investments in Saudi Arabia and Pakistan.
- **Millicom International Cellular will sell its Laos arm to VimpelCom for US\$65 million.** The Russian operator will acquire a 74.1 percent stake in Millicom Laos, in a deal that values the business at US\$102 million. The agreement to sell Millicom Laos forms part of the Luxemburg-based telco group's ongoing plan to divest its Asian operations, which it announced during its first quarter 2009 results. The company cited increased competitive pressure, particularly in Cambodia and Sri Lanka, as the reason for its retreat from Asia. The company sold its Cambodian businesses to its local partner The Royal Group for US\$346 million in cash. Both India's BSNL and UAE-based Etisalat have submitted offers for Millicom's Sri Lankan operations. Bharti Airtel was also linked with a possible acquisition of the 100 percent Millicom-owned Celltel Lanka in a deal thought to be worth as much as US\$120 million.
- **Royal KPN N.V. is willing to invest in new mobile frequencies for its German unit E-Plus. New mobile frequencies will be auctioned in Germany.** KPN has spent billions of euros on buying E-Plus and expanding its network. KPN also named Carla Smits-Nusteling as Chief Financial Officer with immediate effect. Smits-Nusteling and most recently Director of Corporate Control at the Dutch incumbent telecom provider, replaces Marcel Smits who left the company earlier this year. She said she won't make major changes in strategy and will keep a strong focus on cash flow and cost cutting. Smits-Nusteling, who before joining KPN in 2000 worked for postal service TNT, has a good track record in financial and operational management. KPN will have a 4.8 percent rise in second quarter net profit as cost-cutting offset a revenue decline, but it lowered its revenue guidance for the full year and for 2010 as the economic downturn hits demand from businesses. She expects KPN's EBITDA for 2009 to be between 5.15 billion euros (US\$7.6 billion) and 5.25 billion euros (US\$7.7 billion).
- **Deutsche Telekom is interested in acquiring Freenet AG's web-hosting and storage unit Strato. Freenet put the unit up for sale in early July.** First offers were due Sept. 2, and Freenet is reviewing which bidders will gain access to Strato's books. The purchase price for the unit is likely to be around 300 million euros (US\$441.3 million). United Internet AG and two financial investors are interested in Strato. United Internet took over Freenet's Internet customers at the end of May, and as a European market leader in web-hosting it could face cartel office difficulties in a Strato takeover.
- **MegaFon beat its closest rival Vimpelcom and gained 45 percent of the market's total net subscriber additions in August.** MegaFon added 945,504 new customers last month. The operator stays in third place with a subscriber base of 47.3 million and a market share of 23.4 percent, with number two operator Vimpelcom at 25.2 percent share or 50.87 million customers. Of the big three, Vimpelcom recorded the fewest net additions at 297,472, or 14.9 percent of the total. Market leader

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MTS added 324,957 new subscribers to give it a customer base of 68.26 million and a market share of 33.8 percent. There were 201.87 million mobile subscribers in Russia as of the end of August.

- **Tele2 AB set out new financial targets, with a strong focus on margins and financial discipline. Tele2 wants EBITDA margin of its core business to achieve 20 percent or more.** Tele2 AAB, which has around 25 million customers in markets including Sweden, Russia and the Baltic countries, had an EBITDA margin of 24 percent in the second quarter. Its Russian and Swedish mobile operations had EBITDA margins of 35 percent and 31 percent, respectively. Tele2's mobile operations based on its own infrastructure should target margins of mid-30 percent or higher over the long term, it said, and set a long-term target of 20 percent for return on capital employed, or ROCE, as it wants to lay particular stress on cost control and optimal use of capital.
- **Orascom Telecom Holding (OT) is considering making an offer to the consortium that won a majority stake in Medi Telecom (Meditel) to manage the mobile operation.** Spain's Telefonica SA and Portugal Telecom SGPS SA had agreed to each sell their 32.18 percent stakes in their Moroccan telecommunications unit Meditel. OT sees the opportunity as a chance to enter the Moroccan mobile market. OT had previously withdrawn from an auction to acquire the mobile operator because more aggressive bidders were participating in the action.
- **Hungary could hold a license tender in 2010 for mobile broadband and internet services on the 900 megahertz frequency, following a change which is expected soon in European Union regulations.** The 2010 draft budget includes HUF20 billion (US\$108 million) of concession revenue from the mobile broadband tender. The change in the E.U. regulations, which is expected in September or October, will permit broadband and mobile Internet services on the 900 MHz frequency. A tender for such services would exclude voice services. There are three mobile providers in Hungary at present.
- **Telecom Italia SpA had received bids from foreign companies via its advisor Merrill Lynch for its media arm Telecom Italia Media SpA, which controls Italian television channels La7 and MTV.** Telecom Italia Media in April reached an accord to sell a majority stake in its news agency Apcom. The company will sell its network operator's digital assets.

Semiconductor

- **AFK Sistema may buy a 20 percent stake in Germany's Infineon Technologies AG for around 1 billion euros (US\$1.5 billion).** Speculation has mounted about Sistema are taking a stake in Infineon. Meetings between Russian President Dmitry Medvedev and German Chancellor Angela Merkel on the issue have occurred. Infineon was in early-stage talks with OAO Sitronics, a unit of Sistema, to collaborate on some parts of its business.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/18/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	91.2800	0.7%	-3.4%	-1.0%	-18.9%
Hong Kong dollar	HK\$/ US\$	7.7502	0.01%	-0.01%	0.0%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8270	-0.01%	-0.1%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.4145	-0.5%	-2.5%	-3.2%	-2.1%
South Korean won	KRW/ US\$	1,206.5000	-1.2%	-4.1%	-8.4%	28.9%
New Taiwan dollar	NT\$/ US\$	32.4000	-0.7%	-1.8%	-1.1%	-0.3%
Australian dollar	US\$/A\$	0.8673	0.6%	5.7%	22.1%	-0.8%
New Zealand dollar	US\$/NZ\$	0.7087	0.2%	6.2%	21.2%	-8.4%
Philippine peso	PHP/ US\$	47.6500	-1.1%	-1.7%	1.0%	15.7%
Euro	US\$/€	1.4707	1.0%	4.5%	6.0%	-0.1%
British pound	US\$/£	1.6270	-2.4%	-0.4%	12.0%	-18.4%

Fixed Income Prices and Yields

Note	Currency	Current (on 9/18/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.69	4.27%	105.38	4.23%	102.88	4.33%
Japan 30-year	¥	101.61	2.24%	101.79	2.23%	100.80	2.25%
Hong Kong 10-year	HK\$	100.83	2.56%	101.07	2.53%	100.61	2.49%
China (06/16)	US\$	109.88	3.07%	109.90	3.07%	110.31	3.00%
Singapore 10-year	S\$	100.72	2.43%	100.80	2.42%	100.10	2.49%
South Korea 20-year	KRW	10,046.45	5.55%	9,921.29	5.65%	10,102.57	5.62%
Australia 15-year	A\$	102.99	5.40%	103.03	5.40%	102.19	5.49%
New Zealand (12/17)	NZ\$	102.20	5.74%	102.74	5.66%	101.03	5.83%
Philippines 20-year	PHP	104.12	9.25%	103.92	9.27%	103.08	9.15%
India 30-year	INR	84.80	8.38%	83.80	8.48%	86.65	8.02%
UK 30-year	£	109.54	4.23%	110.85	4.15%	110.62	4.12%
Germany 30-year	€	101.61	4.15%	103.91	4.03%	104.73	3.98%

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