



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

***Week of 2 November 2009 - 8 November 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 (11/6/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,069.30	3.2%	2.8%	18.4%	-27.2%
Dow Jones Industrial Avg.	10,023.42	3.2%	4.4%	14.2%	-24.4%
Dow Jones Tech. Index	372.42	2.4%	2.7%	48.2%	-18.9%
Dow Jones Telecom. Index	212.66	1.7%	-0.4%	6.4%	-32.2%
NASDAQ Composite	2,112.44	3.3%	2.1%	34.0%	-20.4%
Japan Nikkei 225	9,789.35	-2.4%	1.2%	10.5%	-37.5%
JASDAQ	47.81	-1.6%	-1.1%	-0.8%	-33.8%
Japan Mothers	423.46	-3.3%	3.0%	30.9%	-45.9%
Korea KOSPI Composite	1,572.46	-0.5%	-2.1%	39.8%	-17.1%
Korea Kosdaq	482.70	-0.8%	-3.0%	45.4%	45.4%
Taiwan Stock Exchange	7,463.05	1.7%	0.3%	62.6%	-12.3%
Singapore Straight Times	2,669.98	0.2%	2.4%	51.6%	-23.0%
Hong Kong Hang Seng	21,829.72	0.4%	6.9%	51.7%	-21.5%
Hong Kong GEM	684.53	-0.9%	5.0%	77.6%	-49.3%
China Shanghai (A-Share)	3,320.34	5.6%	13.8%	73.7%	-39.9%
China Shenzhen (A-Share)	1,180.71	6.7%	18.5%	103.0%	-22.4%
China Shanghai (B-Share)	220.27	5.9%	13.8%	98.6%	-39.8%
China Shenzhen (B-Share)	561.75	4.5%	11.7%	107.1%	-20.8%

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

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

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

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

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

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## Weekly Highlights

### International

#### *Mobile/ Wireless*

- **The global number of mobile phone deliveries fell by 4 percent in July-September 2009 from same period.** Mobile phone deliveries totaled 291 million items. Nokia delivered 108.5mn devices, which decreased the company's market share to 37.3 percent from 38.8 percent. South Korean Samsung delivered 60.2 million mobile phones, raising its market share to 37.3 percent from 17.1 percent a year earlier. LG's deliveries increased to 31.6 million devices, with market share increased to 10.9 percent from 7.6 percent. Sony Ericsson's mobile phone deliveries totaled 14.1mn items, and its market share fell from 8.5 percent to 4.9 percent. Motorola delivered 13.6 million mobile phones, decreasing its market share from 8.4 percent to 4.7 percent.

#### *Media, Gaming and Entertainment*

- **Subscription television in Asia Pacific now reaches more homes than the rest of the world combined.** Having added 26 million more this year, the region now has 326 million pay-TV households. Digital pay-TV subscription households now account for over 115 million homes. China and India have spearheaded much of the growth, accounting for 90 percent of all Asian pay-TV subscribers in 2009. India now has 19 million digital pay-TV households, while China has 69 million digital video connections. Asian digital penetration stands at 35 percent across 14 markets.

### Japan

#### *Mobile/ Wireless*

- **Aurora Feint has agreed to sell a 20 percent stake to Japanese online and mobile commerce and entertainment provider DeNa.** DeNA gaming industry partner Hudson, has agreed to use OpenFeint in their game lineup starting with Bomberman for the Christmas season.

#### *Semiconductor*

- **United Microelectronics (UMC) decided to obtain the common stocks, preemptive rights and stock acquisition rights in UMC Japan through a tender offer to be made by UMC's 100 percent owned subsidiary, Alpha Wisdom Limited.** UMCJ operates a semiconductor manufacturing plant in Tateyama City, Chiba, Japan with a monthly production capacity of 20,000 eight inch wafers. UMC acquired a majority interest in UMCJ, with the goal of utilizing UMCJ as a strategic manufacturing and sales base in Japan.

#### *Telecommunications*

- **NTT Communications completed its acquisition of 100 percent of Pacific Crossing , an operator of trans-Pacific undersea cable network, PC-1.** NTT Communications with the completion of the deal, will control the PC-1 trans-Pacific cable. NTT Com will retain the Pacific Crossing management team and Pacific Crossing will continue as a business within the NTT Communications group selling network capacity in the wholesale carrier marketplace. Pacific Crossing's customers will see an immediate extension of network reach beyond PC-1 with extended domestic capability in Japan and the U.S. as well as the ability to leverage NTT Com's international network to offer turnkey solutions for Asia to U.S. connectivity.

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- **Unity had the landing of its Trans-Pacific fiber optic cable system in Chikura, Japan, marking an important milestone in the construction of a new system which will deliver significant increase in capacity between the U.S. and Japan.** With construction on schedule, the new system will be ready for service in the first quarter of 2010. The cable ship KDDI Pacific Link reached the Japanese coastline in Chikura earlier this week after two months spent laying the newly manufactured cable from the middle of the Pacific Ocean. There will be a period of intensive end-to-end testing before the system is put into commercial service. Trans-Pacific bandwidth demand has grown at a compounded annual growth rate (CAGR) of 62.8 percent between 2002 and 2008, and demand is expected to continue on a strong growth trajectory, with an estimated tenfold increase from 2008 to 2013.

## Korea

### *Telecommunications*

- **The South Korean government will license more operators for the country's homegrown mobile Wibro technology Wibro to increase uptake.** Currently, KT and SK Telecom provide Wibro services and have just over 250,000 subscribers after three years of commercial services. The Korea Times reports that the Korea Communications Commission (KCC) has said that KT and SK Telecom will be required to open their Wibro and WCDMA networks for roaming for the new operators. The KCC will offer licences for nationwide services as well as for local services and will also allow VoIP on Wibro-enabled handsets. KT and SK Telecom have been reluctant to offer voice on their Wibro services for fear of cannibalizing 3G voice traffic. The government will further encourage development of other mobile internet services such as IPTV and will push mobile operators and handset makers to introduce low-priced Wibro/Wi-Fi handsets.
- **KT Corp. said its third-quarter net profit rose 80 percent from a year earlier to 351.4 billion won (US\$298.3 million) as a stable local currency helped cut foreign-exchange losses.** KT absorbed its mobile affiliate KTF Co. in June and the figures were calculated on the assumption that the two companies became a single entity on Jan. 1, 2008. Sales climbed 3.9 percent on year while operating profit declined 11.7 percent. The rise in its revenue came from increased sales of mobile and Internet phone services. The number of its mobile service subscribers reached 14.9 million in the third quarter, up 4.5 percent. Subscribers of KT's Internet phone service, part of its fixed-line business, nearly quadrupled on year to 1.26 million.

### *Mobile/Wireless*

- **LG Electronics Inc.'s mobile-phone unit plans to have a 20 percent growth in shipments for 2010.** Brisk sales of handsets at both Samsung Electronics Co. and LG Electronics, contrast sharply with an industry-wide recession. LG Electronics boosted in third-quarter net profit due to increasing sales in cellphones, flat-screen televisions and panels. Handset shipments for the quarter jumped 37 percent over the year-ago period. Profit margins declined. Marketing expenses and pricing pressures, including in handsets, would further decelerate its profit in the fourth quarter.
- **Pantech Group will begin its handheld multimedia device business next year and is also considering venturing into manufacturing of netbooks.** These business expansions are interpreted as moves to diversify the company's revenue sources using the brand recognition and the distribution channel of its mobile phone business. Insiders said that Mantech C&I, an affiliate of Pantech Group, is releasing a WiFi-enabled multimedia device in April, next year. Pantech organized a task force team

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for the development of a new device in Pantech C&I early this year. The team has developed a new multimedia device under the code name of Mobile Tabloid. The team consists of 20 members and is expanding for new members. Vice Chairman Park Byeong-yeop is told to have significant interest in the new business as a new breakthrough for the company.

- **LG Electronics Inc. is investing heavily in smartphones and seeking to forge an alliance with a U.S. mobile carrier to make inroads into a market dominated by Blackberry and Apple Inc.'s iPhone.** LG is also focusing on green energy and health care which includes providing lighting and energy control, television security, laundry and storage solutions to hotels and other businesses that will draw in steady commission. LG television sets grabbed 13 percent of the global market this year from 6 percent last year and the company's refrigerator market share rose to 20 percent from 7 percent last year.

## *Semiconductors*

- **Hynix Semiconductor Inc. forecasts the market for dynamic random access memory (DRAM) chips would maintain its strength in the fourth quarter and contract prices could rise further in November before stabilizing in December.** As the industry's supply growth is limited, a shortage in DRAM is seen for 2010 overall, Hynix executives said during an investor conference call. Low-power, high-speed DDR3 chips would become the mainstream in the DRAM market by the first quarter of next year.
- **Singapore's state investor Temasek Holdings Private Limited will pay 284.7 billion won (US\$242 million) to buy 12 percent stake in South Korean light emitting diode (LED) company Seoul Semiconductor and 9 percent stake in affiliate Seoul Optodevice, according to a brokerage that advised on the sale said.** Temasek also confirmed the investment, saying that investing in the South Korean companies fits well with Temasek's investment theme of supporting emerging champions. Temasek's move comes almost two months after Abu Dhabi's state fund ATIC offered US\$1.8 billion to buy Chartered Semiconductor, which was 62-percent owned by the state investor.
- **Reports showed that South Korea lags far behind Japan in terms of core technology and manufacturing know-how in the rechargeable lithium battery sector.** The basic technology levels of South Korean firms such as Samsung SDI Co. and LG Chem Ltd. are estimated to reach just 30 percent those of their Japanese rivals like Sanyo Electric Co. In terms of component and material development, the level of South Korean firms amounts to about 50 percent that of the Japanese companies. Lithium batteries are widely used in notebook computers, mobile phones, various wireless information technology devices, and electric-driven automobiles.

## **China**

### *Mobile/Wireless*

- **Smartphone shipments in China is expected to triple by 2013.** Sales of handset was at 15.3 percent in China in 2008, a 30 percent increase from 2007. In-Stat sees the next wave of smartphone growth in China to be driven by lower barriers to entry for mobile operating systems and chipset platforms. Smartphone shipments will account for 37 percent of all handset sales by 2012. This will boost revenue to US\$191 million. iSuppli sees grey-market phone shipments to hit 145 million units in China in 2009 up 43.6 percent from 2008, and peaking at 192 million units by 2012. It defines grey-



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market handsets as devices that are not recognized or licensed by local regulators that often use fake International Mobile Equipment Identity (IMEI) numbers.

## *Telecommunications*

- **VIA Telecom, a mobile phone chipmaker under VIA Group, will supply TD-LTE products to China Mobile Ltd., according to CEO Ker Zhang.** The shipment of mobile phone chips will surge 50 percent in Mainland China next year, bolstered up by the commercial operation of 3G networks and the growing demand in the rural market. VIA Telecom is a major partner of China Telecom Corporation Ltd. It is also the second largest CDMA chip supplier in the mainland, with a 25 percent market share, only next to Qualcomm Inc. The mainland market accounts for 70 percent of VIA Telecom's operating revenues.
- **China Unicom (Hong Kong) Ltd. is targeting increasing the number of its third-generation mobile users by more than 1 million a month.** The company launched 3G services in China Oct. 1 and had more than 1 million subscribers to the mobile technology standard at the end of that month. China Unicom has signed up more than 5,000 iPhone users in China since it launched the phone there and it expects the Apple phone to boost its average revenue per user. The company is the only seller of the iPhone in China at the moment. China Unicom's high pricing of the iPhone is seen to be limiting demand for the product.
- **The 3G industry will bring market demand of 1 trillion yuan (US\$146 billion) to China in the coming three years.** The nation's telecoms operators will spend around 400 billion yuan (US\$58.5 billion) in telecoms network construction. The market that users update their mobile phones will hit 400 billion yuan (US\$58.5 billion), and 3G businesses including broadband, mobile phone video are expected to create a market of 200 billion yuan (US\$29.3 billion). As of the end of September 2009, China had had a mobile internet user base of 192 million, 62.7 percent increase from a year ago. The nation's mobile Internet market value climbed 54.5 percent year on year in the prior year.
- **China Unicom completed buying back a 3.8 percent stake in itself from SK Telecom Co.** The Chinese telecommunications carrier will buy back 899.75 million of its shares from SK Telecom at HK\$11.105 (US\$1.40) each.
- **Fidelity Management and Research LLC recently reduced its H-share holding in China's ZTE Corp. to 7.69 percent from the previous 8.01 percent.** Information from the HKEx showed that FMR sold 940,000 H shares of ZTE for US\$5.4 million on Oct. 30. The average share price of the transaction was US\$5.74 apiece. ZTE's third-quarter net profit jumped 58.2 percent due to the Chinese carrier's continuous investment in 3G networks. Revenue for the third quarter rose 43 percent on strong sales of 3G equipment in the domestic market.
- **Xinhua reports citing a source within RIM that negotiations between Research In Motion and China Telecom have entered the final stage.** The companies will disclose their cooperation before the end of this year, which will be followed by the launch of communication and e-mail services. The handset maker will introduce more BlackBerry phones in China as well.
- **China Mobile Communications Corp. has partnered with the official China Central Television (CCTV) to jointly launch a Chinese-language mobile video news summary service.** The news summary, which has not been given an English-language name, is still undergoing testing, but is available on a trial basis in Shanghai for certain China Mobile subscribers. The service will be launched nationwide for both 2G and 3G users following the trials.



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- **GeoSentric Oyj has partnered with China Unicom to launch the new consumer focused 3G mobile lifestyle service - Unispace powered by the company, for iPhone customers offered via Shanghai Unicom.** GeoSentric's GyPSii is a mobile digital lifestyle application and geo-mobility social networking platform: connecting people, places and communities across networks and devices, with patented technologies for the transfer and publishing of location based information between mobile devices. Unispace powered by GyPSii distributed on-deck via iPhone, provides a compelling line up of applications including GyPSii as the only social networking app on-deck at the launch, one of 10 applications pre-loaded and the only non-Chinese provider.

## *Media, Entertainment and Gaming*

- **China's online game market revenue size is estimated to hit 7.17 billion yuan (US\$1.05 billion) in the third quarter of this year, up 34.5 percent year on year and 6.3 percent quarter on quarter.** The market's revenue estimated by iResearch is relatively higher than that provided at the end of October by Analysys International, another market research. The market size increased 66.6 percent, 48.1 percent, 39.5 percent, 32.5 percent, and 32.8 percent in the five quarters ending June 30, 2009, respectively. iResearch believes that the online game market's decelerated growth shows that the industry has matured and now is in healthy development, after its high-speed expansion during its primary stage of development. Tencent Holdings Ltd. remained the No.1 Chinese online game company in the third quarter this year with a market share of 20 percent, ahead of Shanda Interactive Entertainment Ltd, NetEase.com Inc., Perfect World Co., Ltd., and Sohu.com Inc.
- **Cisco agreed to acquire the set-top box business of Hong-Kong based DVN (Holdings) Limited for US\$44.5 million as part of its broader strategy to compete in emerging markets with locally designed and produced solutions.** After the acquisition, it is expected to close in the first half of calendar 2010, the DVN set-top box business will become a part of the International Cable Business Unit within the service provider Video Technology Group at Cisco led by Ken Klaer. The company has also entered into a go-to-market alliance with the remainder of the DVN organization to utilize the company's middleware and advanced applications as well as integration and support services. The investment is part of Cisco's ongoing long-term commitment to China. The Chinese cable market with 160 million subscribers and the Chinese government's plan for full digitization of the market by 2015 offers it a long-term opportunity.
- **Giant Interactive is planning to launch of a mobile version of its first trial in online games.** The mobile version marked a shift of low-flow game functions to the mobile form to catch online gamers. All the regular functions of the web game have been planted into the mobile platform.
- **The Chinese government regulator rejected an application from World of Warcraft's new licensed operator.** The General Administration of Press and Publication has turned down Chinese Internet portal NetEase.com Inc.'s application seeking approval for the game. NetEase violated a rule banning new account registration and collection of subscription fees during a trial period that started July 30, when the firm was ordered to revise harmful content in the game. World of Warcraft was previously licensed to The9 Ltd. which ran the game in China for four years from 2005.

## *Internet*

- **China ended September with 360 million internet users and 192 million mobile internet users, up 62.7 percent year-on-year, Interfax reports citing figures from the Ministry of Industry and Information Technology (MIIT).** Penetration for internet in China was 27.1 percent and 99.33 million people had broadband internet access.

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## *Semiconductor*

- **A California jury ruled that Semiconductor Manufacturing International Corp. (SMIC) stole and used trade secrets from rival Taiwan Semiconductor Manufacturing Co. (TSMC), possibly putting SMIC on the hook for more than US\$1 billion in damages for TSMC.** The jury also found that SMIC breached the terms of a 2005 settlement over similar claims, for which it had agreed to pay US\$175 million and to surrender all TSMC documents and stop using TSMC technology and processes. TSMC is asking the Alameda County Superior Court panel to award it more than US\$1 billion in lost profits and damages, and the judge to permanently bar SMIC from selling the contested products in the U.S. TSMC sued SMIC for theft of trade secrets and patent infringement stemming from chip sales in California.

## *Networking*

- **Juniper Networks Inc. is set to invest more in China to enhance its local marketing and R&D.** The company has been sophisticated in the development of the IPv6 Internet technology, just waiting for the IPv6 Web's widespread application. The company's routers can co-work with the next-generation Web via cost-free software upgrade. Chinese telecoms operators had made their layouts about the IPv6 Internet technology's marketization and were expected to release the plans in the near future.

## **Taiwan**

### *Semiconductor*

- **Chipmos Technologies had the closing of privately negotiated transactions with two investors holding in aggregate US\$54 million of the Company's 1.75 percent convertible senior notes due 2009 and the repayment at maturity of the remaining outstanding 2009 Notes.** Approximately US\$2 million aggregate principal amount plus all accrued and unpaid interest on the 2009 Notes was paid on maturity. The repayment was financed through the Company's existing cash from operations. The privately negotiated transactions were first disclosed in the Company's September 29, 2009 press release. The Company and an institutional investor completed the exchange of US\$45 million in outstanding 2009 Notes for US\$15.3 million in cash and US\$15.8 million in new convertible notes of the Company due 2014.

## **Hong Kong**

### *Mobile/ Wireless*

- **TCL Communication Technology Holdings Ltd. will collect at least HK\$357.5 million (US\$46.1 million) in a one-for-two rights issue to upgrade and expand existing productions.** The cellphone manufacturing arm of TCL Industries is offering one new share for every two shares held at HK\$1.00 (US\$.129), representing a discount of 20 percent to its closing share price of HK\$1.25 (US\$.161). TCL Communication has production facilities in Huizhou, China and Guadalajara, Mexico. The company said it will develop original design manufacturing business and tap into new markets.

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## Singapore/Malaysia/Philippines/Indonesia/India

### *Telecommunications*

- **Maxis Bhd's IPO of up to US\$3.7 billion is attracting investors' interest on sheer size and a promising dividend despite the company's limited growth potential and lofty valuation.** The company is seeking to re-list after a two-year absence, in what will be Southeast Asia's largest IPO ever. It will begin trading on the Malaysian stock exchange Nov. 19, entering the market without its high-growth overseas operations. While the company is on a much stronger footing now, having grown its earnings 21 percent on-year in 2008 and expecting 16 percent growth this year, some investors question whether Maxis deserved the same valuation it had before it stripped off its prized assets in India and Indonesia. Maxis' existing shareholders are offering to sell 2.25 billion shares, or 30 percent the company's capital, in part to raise funds to finance their overseas operations which include India's Aircel and Indonesia's PT Natrindo Telepon Seluler.
- **Millicom International Cellular SA is considering of bidding to control Empresa de Telecomunicaciones de Bogota SA ("ETB").** The operator will offer more services to customers. ETB will sell new shares. The auction was postponed to an unsettled date as the company's labor union sued to block the partial privatization.
- **Globe Telecom Inc. said its third-quarter net profit rose 2 percent to 2.61 billion pesos (US\$54 million) from a year earlier, with lower income tax helping offset a decline in revenue as the company continued to clean its cellular network of marginal subscribers.** The income tax rate this year declined to 30 percent from 35 percent last year. Third-quarter net profit was 20 percent lower than the second quarter as Globe trimmed the number of its mobile subscribers to 23.1 million at the end of September from 25.02 million at the end of June. In the nine months to September, net profit rose 12 percent, even as service revenue only rose around 1 percent in the first three quarters of this year.
- **Philippine Long Distance Telephone Co. said its third-quarter net profit rose 49 percent on year due to a steady growth in cellular and broadband services as well as a lower corporate income tax rate.** The country's largest telecommunications group by sales said that while bottom line numbers for the year will likely be better than those in 2008, group revenue might take a hit in the fourth quarter as consumers adjust spending in the wake of devastating typhoons in September and October. PLDT net profit in the July-September quarter increased to 10.3 billion pesos (US\$215.9 million). In the nine months to September, net profit climbed 15 percent while revenue rose 3 percent. Core profit was up 11 percent. Provision for income tax in the January-September period declined 16 percent.
- **Advanced Info Service PCL had a 7.7 percent drop in third-quarter net profit to THB4.18 billion (US\$125.1 million) from a year earlier mainly due to lower sales and service revenue.** Sales and service revenue in the third quarter dropped to THB24.97 billion (US\$748 million) due mainly to slowing the economy and a saturated mobile phone market.
- **Telstra Corp. is having meetings with the Australian government over its potential sale of the telecommunication company's fixed-line assets into a new A\$43 billion (US\$39.4 billion) open-access.** The government plans legislation that would either see Telstra divide its network assets from its retail operations or commit to stricter regulation. The planned reforms will improve competition in the fixed-line broadband sector, which Telstra dominates, ahead of the rollout of Canberra's planned network.

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- **Telecom Corp. of New Zealand Ltd. had a higher fiscal first-quarter net profit than expected, helped by a NZ\$35 million dividend from its half-owned cable company Southern Cross Cable and NZ\$39 million (US\$28.2 million) of relief on taxes from the year-ago quarter.** New Zealand's largest fixed-line phone company by subscribers and revenue said that in the three months ended Sept. 30 net profit rose to NZ\$163 million (US\$118.2 million). The company lifted its net profit estimate for its fiscal year ending June 30 to NZ\$400 million (US\$290 million)-NZ\$440 million (US\$319 million) due to tax changes. It maintained its estimate for EBITDA in a range of minus 1 percent to growth of 2 percent.
- **Tata Teleservices Ltd. will buy third generation and WiMax services for 12.5 billion rupees (US\$266.1 million) in Mumbai and Maharashtra.** The funds will come from the currency convertible bonds, global depository receipts and qualified institutional placements.
- **Bharat Sanchar Nigam Ltd. ("BSNL") is not considering inviting fresh bids now for its network expansion plan to add 93 million lines and has already ordered equipment for the southern zone.** The company is in the process of awarding contracts for adding 93 million lines on the global system for mobile communications, or GSM, platform. Some media reports had said recently that the federal Department of Telecommunications has asked BSNL, to invite fresh bids. BSNL is facing a scarcity of GSM lines in its bid to match the subscriber addition pace of bigger rivals such as Bharti Airtel Ltd., Reliance Communications Ltd. and privately held Vodafone Essar Ltd. BSNL is still interested in bidding for Kuwait's Mobile Telecommunications Co., with or without India's Vavasi Group as a partner. BSNL may bid for Vavasi even after the end of the exclusivity period.
- **Tata Teleservices Maharashtra Ltd. expects to regain its earlier EBITDA margin soon.** The company's profit after tax for the July-September quarter was hit by marketing expenses, depreciation in the global system for mobile communications network, and interest costs from loans which were earlier being capitalized. The telecom operator's EBITDA margin for the April-September period this fiscal year through March 2010 slipped to 26 percent.
- **Idea Cellular may have declining margins in coming quarters as the companies will lessen call rates.** Idea Cellular and Bharti Airtel Ltd. and Reliance Communications Ltd. recently lessened tariffs to attract customers in the world's fastest growing telecom market by users.
- **Intel Corp. is among interested parties preparing bids following an invitation by Indian Telecom Industries to set up joint ventures based on Worldwide Interoperability for Microwave Access, or WiMAX, and IT core systems.** ITI plans to take a 26 percent stake in the joint ventures, and interested parties have been asked to participate before Jan. 29. Huawei, Alcatel-Lucent, Samsung and Hitachi have also shown interest in participating in the process.
- **Egypt's national telecommunications regulator said that the total number of mobile subscribers in Egypt reached 53.43 million at the end of September 2009, a jump of around 40 percent from the previous year.** The total mobile penetration in the most populous Arab country reached around 69.8 percent, the National Telecommunications Regulatory Authority. Mobile subscribers were 38.1 million at the end of September, 2008. Subscribers of Mobinil, the country's largest operator, reached 24.64 million by September 2009, giving it a 46.1 percent market share. Subscribers of Etisalat Egypt, a subsidiary of United Arab Emirates based Etisalat, were 6.30 million in September 2009, with an 11.8 percent market share. Subscribers of Vodafone Egypt reached 22.49 million by September 2009, a 42.1 percent market share.

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## United States/Canada

### *Mobile/Wireless*

- **Research In Motion Ltd. will spend up to US\$1.2 billion to buy back about 21 million of its shares, or 3.6 percent of its total shares outstanding.** The buyback will start Nov. 9 and last for up to one year. The company hasn't purchased any of its shares in the last year. The company doesn't believe the buyback will affect its ability to execute its growth plans, given the strength of its balance sheet and expected cash-flow generation over the next several quarters.

### *Media, Entertainment and Gaming*

- **Yellow Pages Income Fund had a big loss in the third quarter due to a sizable charge for goodwill impairment.** The fund had a loss of C\$168.8 million (US\$157 million). The charge was C\$315 million (US\$292.9 million). Revenue totaled C\$408 million (US\$379 million) in the quarter. The fund intends to maintain its cash distribution at the current level of 80 Canadian cents annually, leading to its conversion from an income trust to a corporation. Revenue in its directories division was up 1 percent while revenue in vertical media was down 25 percent. The fund intends to conduct a substantial issuer bid for all of its outstanding 5.50 percent exchangeable unsecured subordinated debentures maturing in August 2011.
- **Time Warner Cable Inc.'s third-quarter earnings fell 11 percent, dragged down by higher interest costs from the debt it shouldered when it was spun off earlier this year by its former parent, Time Warner Inc.** The company's results, however, beat expectations as its revenue grew 4 percent, its operating income rose 5 percent and its free cash flow increased 19 percent because of lower capital spending. The results displayed enduring consumer demand for cable services in the face of rising competition and the lingering malaise in the U.S. economy. Subscriber gains so far are trending below its year-ago performance, despite easier comparisons, although the marketplace remains volatile and the quarter's outcome is uncertain.
- **Scripps Networks Interactive Inc. will buy a controlling stake in the Travel Channel from Cox Communications Inc., trumping a bid by News Corp. in a deal that values the cable-television network at US\$975 million.** Scripps Networks will pay US\$181 million to get 65 percent of the channel through a joint venture with Cox, which will keep the remaining stake. Cox will contribute the channel and their partnership will take on US\$878 million in debt. The network became the center of a bidding competition after Cox said that it had received unsolicited inquiries for the asset. Scripps Networks gets a channel distributed in about 95 million U.S. homes, with shows including "Anthony Bourdain: No Reservations," "Man v. Food," "Madventures" and "Most Haunted."
- **Comcast Corp. boosted 22.5 percent in third-quarter earnings.** The company had no comments regarding on negotiations with General Electric Co. about taking a majority stake in NBC Universal. Comcast will take a strategy to have acquisitions. The meetings between GE and Comcast are in the homestretch, with an announcement possible in the next week or two.
- **DirecTV Group Inc.'s third-quarter profit inched higher to US\$366 million, an increase from US\$363 million a year earlier, but more customers cancelled their service in a sign that the satellite TV provider may no longer be above the video fray.** The company has remained surprisingly resilient over the last several quarters as the cable providers and telecommunications companies dunked it out over rival television, Internet and phone services. Its high-definition programming and sports packages have kept it relatively protected in the past, but that advantage is fading as consumers drop the premium services. In most recent quarter, it had a 13 percent decline in



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subscriber addition, while the subscriber turnover rate rose. Revenue boosted 9.7 percent to US\$5.47 billion.

## *Telecommunications*

- **Verizon Communications Inc. continues to face economic headwinds.** There hasn't been any change in information technology and communications spending from its largest business customers. Business spending continues to hurt the telecommunications companies. Wireline margins is expected to improve through a combination of an economic recovery and cost cuts. Verizon Wireless saw its normally low turnover rate in wireless increase due to increased disconnections from business users. The cuts were more moderate than expected, and he doesn't see a need to respond. The company is targeting added one million customers a year.
- **Windstream Corp. will purchase NuVox Inc. for US\$463 million, another illustration of rural telecommunications providers scooping up smaller players to stay competitive with their cable rivals.** Windstream has agreed to buy three smaller rural telecoms in deals with a combined value of more than US\$760 million, or more than a billion when factoring the debt. Windstream will pay US\$280 million in cash and issue US\$183 million in stock, while assuming US\$180 million in debt. The company will use its existing cash and tap its revolving credit line to fund the deal. Windstream and other rural telecoms are scrambling to buy up each other to boost their size, allowing them to pass their sizeable capital expenditures and operating expenses across a wider base of customers and territories. The increased scale allows them to bargain for better deals for telecom gear.
- **MetroPCS Communications Inc. had a 64 percent increase in its third-quarter profit, but saw the number of new customers slide amid intensifying competitive pressure on the pre-paid end of the wireless industry.** The Dallas wireless provider's customer growth came in well short of expectations, and the company cut its estimates for full-year subscriber growth and earnings, further illustrating the toll taken from the game of brinksmanship played among the various low-end players. The business of offering pre-paid service - where customers pay ahead of time for the minutes they use and aren't required to sign a contract - has exploded over the past year as consumers seek better bargains.
- **Crown Castle International Corp. lessened third-quarter loss to US\$31.6 million even if the company had accelerating revenue.** The industry has benefited from volume increases as wireless carriers continue to grow, prompting them to spend more on upgrades. Moody's Investors Service said raised demand for the wireless tower sector was likely to remain favorable through the next several years. Boosting of revenue has often been outweighed by a combination of depreciation and amortization costs, write-downs and operating costs, among other items. Revenue rose 12 percent to US\$429.1 million as site-rental revenue, which makes up about 90 percent of total revenue, climb 12 percent to US\$396.5 million.
- **T-Mobile USA had restored voice, text messaging and data services that left nearly 2 million customers disconnected from its wireless network.** The carrier, fresh from dealing with a service outage that temporarily wiped out the personal data of its SideKick subscribers, suffered from a service outage that affected roughly 5 percent of its subscribers across the country. While the problems affected a small percentage of its base, the problems appeared more widespread as users took to the Internet to complain about their lack of service. The fourth-largest service provider by subscribers has also dealt with slowing growth, as its customers leave for higher end AT&T Inc. or Verizon Wireless for better phones, or move down to the pre-paid carriers for a lower priced service. The carrier recently unveiled a series of new pricing plans in an effort to turn the business around.

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- **AT&T Inc. completed its US\$944 million acquisition of Centennial Communications Corp., one day after receiving federal approval for the merger.** The Federal Communications Commission conditionally approved the merger. The two companies agreed to merge last November, with Centennial becoming a wholly-owned unit of AT&T. Centennial stockholders will receive US\$8.50 a share as a result of the deal. The merger will bring broader and faster wireless coverage to Centennial's customers in the Midwest, Southeast, Puerto Rico and the U.S. Virgin Islands and help deploy more broadband Internet access to rural parts of the country.
- **Nortel Networks Corp. has agreed to sell certain assets related to the development of next-generation packet core network components to Hitachi Ltd. for US\$10 million.** The assets being sold include software to support the transfer of data over existing wireless networks and the next generation of wireless communications technology. The sale excludes legacy packet core components for Nortel's GSM and UMTS businesses. The telecom-equipment company filed for bankruptcy protection in January and has been selling off assets to several technology companies as part of that process. The next big auction is for Nortel's optical and ethernet division, which is scheduled for Nov. 13. Ciena Corp. has entered a "stalking-horse" agreement to buy the division in a US\$521 million deal.
- **Telus Corp.'s third-quarter earnings and revenue came in below year-earlier levels, leading it to once again lower its guidance for the year.** EBITDA fell 5 percent mainly due to lower revenue, higher defined benefit pension plan expenses and higher restructuring costs. Telus updated its 2009 full-year guidance to reflect the ongoing weak economic growth in Canada, particularly the effect on its wireline business, the early launch of the new next-generation wireless networks and the associated affect on acquisitions and retention costs from the November launch of new smartphone devices.
- **Manitoba Telecom Services Inc.'s third-quarter results were below those of a year earlier, though in line with the company's forecasts, as legacy services revenue continued to decline in the latest quarter.** The communications company's revenue fell to C\$449.4 million (US\$418.3 million). Growth services contributed revenue of C\$218.2 million (US\$203.1 million), while legacy services contributed C\$244.7 million (US\$227.8 million). Manitoba Telecom adjusted its earnings and revenue guidance for 2009 to reflect a sharper-than-expected decline in its legacy long-distance business, as well as in the unified communications business.

## *Internet*

- **AOL unveiled a group of eight media, technology and financial veterans - including former Federal Communications Commission Chairman Michael Powell who agreed to sit on its board of directors after the Internet company is spun off from Time Warner Inc. in a deal expected before year end.** The announcement suggests that the spinoff, which will undo one of the worst deals in corporate history, is on track as the companies wait for regulatory approval. Its completion will mark a key step in Time Warner Chief Executive Jeff Bewkes' plan to restructure the media conglomerate as a media content provider. Armstrong will sit on the board as chairman with Powell, son of Gen. Colin Powell and FCC chairman from 2001 to 2005.
- **Vonage Holdings Corp. had a seven-fold increase in its third-quarter loss as a result of an unusual accounting charge taken for its convertible debt, while customers continued to leave the service at a high clip.** Still, the Internet phone service company, battered by competition from wireless carriers, phone companies and cable providers, saw the number of subscriber losses narrow thanks to an aggressive US\$25 flat-rate international calling plan launched in August. The service has been particularly successful at attracting certain ethnic groups that tend to make a lot of overseas calls, and has given the company reason to be optimistic for the coming months. There are more than



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400,000 subscribers to its international calling plan. As of the end of the third quarter, it had a total base of 2.4 million lines.

- **The founders of Skype have agreed to join the investor group buying the Internet calling service from EBay Inc.** Niklas Zennstrom and Janus Friis, who sold Skype to EBay in 2005, will take a stake in the company alongside a group led by private-equity firm Silver Lake, said the people, who declined to be identified because the matter isn't public. They also will drop lawsuits filed against Skype and the investor group in London, California and Delaware. The settlement ends a legal fight that spanned two continents and threatened to shut down Skype. The founders, who own the underlying software code to the Web-calling service, had accused EBay of breaking a licensing deal and sued the investor group in September, claiming damages were growing by US\$75 million a day. Index Ventures, which helped orchestrate the deal, will no longer be part of the investor group, the people said. Some minor details of the agreement were being worked out last night, and it's possible the announcement may still be delayed. The fight for Skype has been building for more than a year. Soon after John Donahoe became EBay's chief executive officer last year, he said he would evaluate whether Skype was a good fit for the company.

## *Networking*

- **Cisco Systems Inc. expects to return to revenue growth for fiscal second quarter.** The company expects sales for the period to rise 1 percent to 4 percent from a year ago, compared with the 1 percent decline Wall Street had projected. That compares to a 13 percent decline in revenue had in the fiscal first quarter. The company is returning to growth faster than expected, in particular, the U.S. market was starting to stabilize with orders flat from a year ago. The company sees gross margins of 64 percent to 65 percent, and could feel the pressure from a mix of lower margin consumer products such as the Flip video camera.

## *Information Technology*

- **Cisco Systems Inc., EMC Corp. and VMware Inc. unveiled a joint venture to help sell a new integrated data center product, part of a broader alliance between the three giants as tech companies move to offer a wider range of products and services.** The joint venture, called Acadia, will help sell and provide support to large businesses and cloud service providers for the new product, named V-Block, combining EMC's storage equipment, Cisco's virtualized servers and networking gear, and VMware's virtualization technology. The actual cloud infrastructure will be constructed by a coalition of the three companies, called the Virtual Computing Environment. Seeking growth in a stagnating IT spending environment, technology giants have breached new markets, turning once stalwart allies into competitors. The partnership of Cisco, EMC and VMware comes amid a wave of consolidation among companies that provide hardware, software and services to corporate data centers.
- **The European Commission might reject Oracle Corp.'s US\$7.4 billion plea of Sun Microsystems Inc.** If the EC will reject the deal, Oracle would be required to negotiate and accept remedies like disposals of parts of Sun's business, to get the deal cleared. If Oracle will not present enough evidence, the deal would not have competition problems in spite of repeated requests from the body. European Commission regulators are scrutinizing the deal, presenting its possible impact on the database market. Regulators are having their eyes on MySQL. An increasing number of hurdles are challenging the closure of the takeover. Oracle had to step back from antitrust clearance in Russia because of the procedural issues. The U.S. Department of Justice cleared the deal this summer.

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## *Software*

- **Microsoft Corp. had 800 layoffs, expanding the scale of a cost-reduction program it announced at the beginning of the year.** Microsoft said in January that it will eliminate 5,000 jobs by 2010 but has now expanded the program by 800 jobs, a spokesman said. The most recent cuts are expected to bring to a close the first major round of layoffs in the company's 34-year history. In total, around 6.3 percent of the company's approximately 91,000 headcount will have been eliminated after the program is completed, up from the 5.5 percent previously expected. The cuts program was designed to bring costs in line with a worsening economy and was expected to save Microsoft US\$1.5 billion a year. Travel expenses have been cut and many contract workers have been eliminated. Microsoft had its first fiscal year of declining sales as a public company this year amid weaker demand for the PCs that drive sales of its flagship Windows software program.

## **Europe**

### *Mobile/ Wireless*

- **Mobile phone users on OAO Vimpel Communications cut down on traveling by a fifth this summer, but the operator saw a less sharp fall in roaming revenue-earned when subscribers leave their home network.** Roaming accounted for 5.8 percent of VimpelCom's total mobile revenue in Russia, but the proportion is larger in the third quarter of the year. VimpelCom has launched operations in Southeast Asia, but the company still earns more than four fifths of its revenue in Russia. Russia's economy shrunk by 10 percent in the first nine months of this year compared with 2008, but government officials say the economy has now begun to grow again. VimpelCom and peer OAO Mobile TeleSystems have grown by more than 20 percent annually for most of this decade, but Nemsic said that every Russian who wanted a mobile phone now owns one and that growth in that country will henceforth be closely correlated with Russian disposable incomes.
- **Nokia Siemens Networks is considering of bidding Nortel Networks Corp.'s optical-network unit.** Ciena Corp. also planned to bid US\$510 million for the assets, which made Nortel's businesses in bankrupt. Nokia Siemens was having a hard time in the telecom equipment business. Having Nortel's business would extend its presence in the U.S., where it lags behind L.M. Ericsson Telephone Co. and Alcatel-Lucent. Nortel is still selling itself off. Avaya Inc. will buy Nortel's communications gear for US\$915 million to corporations. Ericsson purchased Nortel's wireless networks business for US\$1.13 billion.
- **The number of mobile-phone customers in France grew 0.8 percent during the third quarter.** There were 59.66 million mobile phone customers, an increase of 487,100 from the end of June. The number of customers rose 5.8 percent from a year earlier. The penetration rate, or the percentage of the population using a mobile phone, increased to 93 percent from 92.2 percent at the end of June. In metropolitan France, which excludes overseas departments and territories, the market share of MVNOs rose to 5.54 percent from 5.27 percent at the end of June. MVNOs are operators that rent network capacity from the country's three big carriers. The country's three mobile network operators are France Telecom SA's Orange, Vivendi SA's SFR, and Bouygues SA's Bouygues Telecom.

### *Internet*

- **OAO Yandex is scrapping its ranking of the country's most popular blogs to avoid accusations of helping radicals.** Yandex's Web site has included the algorithmically generated ranking of blogs since 2007, but particular bloggers are manipulating the system so the list no longer reflects Internet users' interest. As Russian Internet use has grown over the past year, government

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officials have begun to call for limits on foreign ownership of local Internet companies, which they describe as strategic.

- **Iliad SA said that third-quarter revenue climbed 22 percent, bolstered by the acquisition of Internet provider Alice and a rise in broadband subscribers at its Free brand.** The group still targets strong growth in net profit in 2009 and that it is sticking to its target of achieving 5 million subscribers in 2011. The group's free brand recruited 100,000 net new subscribers, giving it a market share of 28.4 percent new subscribers.

## *Telecommunications*

- **Cable & Wireless PLC will push ahead with plans to de-merge amid early signs of improving conditions in financial markets, but cut its full year earnings guidance due to tough trading conditions in the Caribbean.** Cable & Wireless will publish further information about the de-merger before the end of the month, which will include indicative timing. Cable & Wireless operates two distinct businesses, which it has split operationally ahead of a planned de-merger. The Worldwide business specializes in offering communications services such as Internet Protocol, data, voice and hosting to large enterprise, reseller and carrier customers. It operates globally, with core markets in the U.K, Asia and Europe, Middle East and Africa, and provides connectivity in 153 countries.
- **The European Commission cleared Belgian telecommunications company Belgacom SA to take sole control of Belgacom International Carrier Services (BICS).** BICS is currently a joint venture between Belgacom, which holds a majority stake, Swisscom AG and the MTN Group Ltd. BICS provides voice, data and value added services to wireless and wireline and service providers.
- **Telefonica SA is evaluating the possibility of tapping the Brazilian debt market in order to raise money to finance its bid for Brazilian telecommunications operator GVT Holding S.A.** Telefonica unveiled 50.50 Brazilian reais (US\$29.22) per share for the small alternative domestic operator. The cost of the acquisition for Telefonica would amount to 6.48 billion Brazilian reais (US\$3.8 billion). The Spanish company is due to hold an auction to buy GVT shares, assuming it obtains pre-approval of the deal from local telecom watchdog Anatel. Analysts believe Telefonica will take the asset with its latest aggressive bid, which clearly shows its determination to beat rival suitors such as Vivendi.
- **Deutsche Telekom AG and Telecom Italia SpA beat expectations for third quarter earnings and confirmed their guidance, sending shares in both companies higher.** The companies' market-topping performance comes after rivals KPN of the Netherlands and France Telecom already confirmed their outlook, with BT Group PLC. Guidance for 2010 was patchy and much of the improved performance came amid sharp cost cutting. Deutsche Telekom had a 7.2 percent rise in its third quarter net profit due to tight cost control, but the U.S. remained a weak spot. T-Mobile USA's subscriber base shrank by 77,000 in the quarter to 33.42 million.
- **Magyar Telekom Nyrt. aims to become a leader in Hungary's pay television market within five years.** Magyar Telekom currently has a market share of 22 percent-23 percent, which expanded significantly from just 10 percent-15 percent from mid-2008. There is further room for growth in the market, with the number of subscriptions steadily increasing. The pay television market includes satellite, Internet protocol and cable television. Magyar Telekom is Hungary's principal provider of fixed-line, mobile and data telecom services. Management control lies with Deutsche Telekom, which holds almost 60 percent.

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- **Telefonica SA increased bid for operator GVT Holding S/A, to rival France's Vivendi SA that it is competent to acquire the asset.** Telefonica unveiled a per-share bid of 50.50 Brazilian reais (US\$29.14) for the small alternative domestic operator. Vivendi presented high possibility to enter into the highly concentrated Brazilian fixed-line and broadband market. Telefonica's strategy of pre-empting a second bid from Vivendi clearly indicates that it is prepared for a bidding war to take the asset.
- **Hellenic Telecommunications Organization SA said that third-quarter net profit fell 19 percent on weak mobile sales and a continued deterioration in fixed-line revenue.** The company expects no improvement in market conditions for the coming quarters and highlighted the need to further cut costs, particularly in its fixed-line division. Net profit fell to 163.1 million euros (US\$242.1 million), while revenue fell 7.4 percent.
- **Jazztel PLC swung to a net profit in the third quarter, boosted by profits from a bond buyback.** Its net profit in the period was 20.9 million euros (US\$31 million). Jazztel booked a gain of 32.6 million euros (US\$48.4 million) from the bond buyback in the third quarter. Sales rose 32 percent in the period, due to a rise in residential broadband Internet subscribers.
- **Wind Hellas accepted the rescue offer from Weather Investments as the company seeks to cut its 3.2 billion euros (US\$4.7 billion) debt pile.** Weather has beaten off several bidders for a slice of the Greek telecom's equity and inter-company debt which included a number of private equity firms as well as creditors. Wind Hellas narrowed the field of bidders for its assets to Weather Investments and a committee of the company's subordinated bondholders. Weather Investment is majority owned by Sawiris, but Apax Partners holds a 5 percent stake, which it acquired in June last year, and U.S. buyout firms Madison Dearborn Partners and TA Associates jointly bought a 5 percent stake at the same time.
- **Royal KPN NV wants to sell its business-to-business operations in Belgium.** KPN is looking for a buyer for its business-to-business operations in Belgium and the fibre glass network of Versatel, which it bought in 2007 from Sweden's Tele2 AB. Potential buyers include Belgium's Telenet NV and Pan-European telecom operator Colt Telecom Group SA, De Tijd writes. Belgacom NV isn't interested.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 11/6/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	89.8500	-0.3%	0.4%	-2.6%	-20.2%
Hong Kong dollar	HK\$/ US\$	7.7495	-0.01%	-0.01%	-0.01%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8266	0.003%	0.0%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.3920	-0.4%	-1.2%	-4.7%	-3.7%
South Korean won	KRW/ US\$	1,167.6000	-1.6%	0.2%	-11.3%	24.8%
New Taiwan dollar	NT\$/ US\$	32.5050	-0.4%	1.2%	-0.8%	0.02%
Australian dollar	US\$/A\$	0.9180	2.1%	4.6%	29.3%	5.0%
New Zealand dollar	US\$/NZ\$	0.7245	0.9%	-0.9%	23.9%	-6.4%
Philippine peso	PHP/ US\$	47.5000	0.2%	1.8%	0.6%	15.3%
Euro	US\$/€	1.4839	0.8%	1.3%	6.9%	0.8%
British pound	US\$/£	1.6611	1.0%	4.2%	14.4%	-16.6%

## Fixed Income Prices and Yields

Note	Currency	Current (on 11/6/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.69	4.45%	104.56	4.27%	108.33	4.02%
Japan 30-year	¥	99.11	2.25%	98.49	2.28%	102.06	2.17%
Hong Kong 10-year	HK\$	101.51	2.48%	102.85	2.32%	102.27	2.27%
China (06/16)	US\$	106.93	3.53%	108.93	3.22%	108.93	3.22%
Singapore 10-year	S\$	99.60	2.56%	99.56	2.57%	100.93	2.39%
South Korea 20-year	KRW	9,930.77	5.72%	9,987.80	5.66%	10,004.19	5.53%
Australia 15-year	A\$	100.22	5.72%	100.86	5.65%	103.77	5.31%
New Zealand (12/17)	NZ\$	101.46	5.85%	101.60	5.83%	102.72	5.57%
Philippines 20-year	PHP	103.86	9.28%	103.90	9.27%	102.75	9.19%
India 30-year	INR	83.10	8.56%	83.15	8.56%	84.84	8.20%
UK 30-year	£	106.45	4.40%	110.57	4.19%	112.94	3.99%
Germany 30-year	€	101.71	4.14%	104.71	3.97%	106.95	3.86%

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