



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

***Week of 16 November 2009 - 22 November 2009***

ideas | reach | growth

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



Week of 16 November 2009 - 22 November 2009

## Table of Contents

<b>Equity Market Indicators</b>	<b>3</b>
<b>Technology, Media, Telecommunications and Life Sciences Market Activity</b>	<b>4</b>
<b>Weekly Highlights</b>	<b>5</b>
International	5
Japan	5
Korea	7
China	8
Taiwan	11
Hong Kong	12
Singapore/Malaysia/Philippines/Indonesia/India	12
United States/Canada	15
Europe	16
<b>Other Economic Data</b>	<b>20</b>
Currency Exchange Rates	20
Fixed Income Prices and Yields	20

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



Week of 16 November 2009 - 22 November 2009

Equity Market Indicators					
Index	Closing Level (11/20/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,091.38	-0.2%	-0.6%	20.8%	-25.7%
Dow Jones Industrial Avg.	10,318.16	0.5%	2.2%	17.6%	-22.2%
Dow Jones Tech. Index	379.62	-1.2%	-0.3%	51.0%	-17.3%
Dow Jones Telecom. Index	214.25	-1.0%	-0.6%	7.2%	-31.6%
NASDAQ Composite	2,146.04	-1.0%	-1.4%	36.1%	-19.1%
Japan Nikkei 225	9,497.68	-2.8%	-7.2%	7.2%	-39.3%
JASDAQ	45.35	-3.8%	-7.3%	-5.9%	-37.2%
Japan Mothers	384.46	-1.6%	-13.1%	18.9%	-50.9%
Korea KOSPI Composite	1,620.60	3.1%	-1.7%	44.1%	-14.6%
Korea Kosdaq	479.43	-0.4%	-5.8%	44.4%	44.4%
Taiwan Stock Exchange	7,682.97	0.2%	-0.9%	67.3%	-9.7%
Singapore Straight Times	2,781.83	1.2%	2.4%	57.9%	-19.7%
Hong Kong Hang Seng	22,455.84	-0.4%	1.2%	56.1%	-19.3%
Hong Kong GEM	714.24	1.4%	4.6%	85.3%	-47.1%
China Shanghai (A-Share)	3,469.68	3.8%	8.8%	81.5%	-37.2%
China Shenzhen (A-Share)	1,268.89	4.9%	14.2%	118.2%	-16.6%
China Shanghai (B-Share)	262.81	4.6%	26.9%	136.9%	-28.2%
China Shenzhen (B-Share)	636.30	2.2%	19.2%	134.6%	-10.3%

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



Week of 16 November 2009 - 22 November 2009

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						

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



Week of 16 November 2009 - 22 November 2009

## Weekly Highlights

### International

#### *Hardware*

- **The global LCD market is likely to face a supply shortage from the second quarter of 2010, as demand picks up after the current seasonal weakness through to the first quarter of next year.** That could help ease concerns of severe oversupply next year and could be good news for major display makers including LG Display in South Korea and AU Optronics and Chi Mei Optoelectronics in Taiwan. China would overtake North America to become the world's largest LCD TV consumer in 2011, representing 21.3 percent of the global market. After several months of strong LCD sales, some analysts said the industry could face a repeat of the down cycle next year if demand dwindled, although sector leaders in South Korea typically suffer less than smaller rivals in a down cycle. Flat panel sales, most of which use LCD technology could rise 5 percent to US\$93.3 billion globally next year after an estimated 15 percent decline this year.

#### *Semiconductor*

- **According to a survey conducted by KPMG, semiconductor executives pointed to China as the most important market for revenue growth in the next three years, followed by the U.S. and Taiwan.** Its scores outpaced the U.S. by nearly two-to-one. The study has been conducted in collaboration with the Semiconductor Industry Association for the past four years, surveyed 113 senior level executives in the semiconductor industry, including design, foundry and device manufacturers. Other than growing markets, three-quarters of the semiconductor executives said they expect their revenue to increase by more than five percent in 2010, with more than half of them expecting revenue gains that could exceed 10 percent.
- **Global shipments of semiconductors in 2009 are expected to fall 11.5 percent from a year earlier to US\$220.1 billion, instead of plummeting 21.6 percent as predicted in June.** The estimated rate of decline was lowered due to brisk sales of personal computers and various economic stimulus measures implemented by China and other countries. Global chip shipments are expected to rise 12.2 percent in 2010 and 9.3 percent in 2011. Shipments in Japan are expected to plunge 28.1 percent this year because the Japanese market's recovery is lagging behind markets in other countries including China. The yen's appreciation will also take a toll on sales figure.

### Japan

#### *Telecommunications*

- **Softbank Corp. is interested in buying stakes in Indian and Chinese companies.** The company is eyeing companies engaged in mobile applications and technology. Softbank bought an additional stake in U.S. application provider RockYou Inc. for US\$50 million. Softbank has a 33 percent stake in Alibaba Group, the parent of business-to-business online platform Alibaba.com Ltd. The Japanese company is also the single largest shareholder of Yahoo Japan, with a 44 percent stake.

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



Week of 16 November 2009 - 22 November 2009

## *Hardware*

- **Hitachi Ltd. is raising up to US\$4.6 billion to cut debt as it seeks to turnaround its sprawling businesses and also invests in new growth drivers.** The capital raising, the company's first in 27 years, follows similar moves by NEC Corp. and Toshiba Corp., and sent Hitachi's shares down 8.5 percent in the biggest drop in six months even though markets expected the fund raising. The company might be forced to tap markets again and that Hitachi had sought to seek money before it could form a realistic plan for recovery. Hitachi is headed for its fourth straight annual loss. The group is seeing a recovery in its hard drives business and strong sales of its metals, cables and construction machinery but this has not been enough to counter the impact of losses in its flat TVs and semiconductors businesses.

## *Semiconductor*

- **NEC Corp. sold 117.6 billion yen (US\$1.3 billion) in new shares to help fund businesses and pay off debt.** The company, forecasting a return to profit this fiscal year, seeks funding to invest in the development of advanced telecommunications gear and services and to help shed its money-losing chip unit. NEC joins companies from Nomura Holdings Inc. to Malaysia's Maxis Communications Bhd. in pursuing sales as equity markets rebound from the rout caused by Lehman Brothers Holdings Inc.'s bankruptcy last year. The company will sell as many as 537.5 million new shares to Japanese and overseas investors. The sale will increase NEC's outstanding shares by 28 percent.
- **Elpida Memory, Inc. said that Shuichi Otsuka became the new president of subsidiary Akita Elpida in place of the retiring Takayuki Watanabe.** While serving as president of Akita Elpida Mr. Otsuka will also continue as Chief Operating Officer for the parent Elpida and serve on Elpida's board of directors. With his retirement from Akita Elpida Mr. Watanabe now moves to Elpida to take charge of improving TSV packaging development.

## *Media, Entertainment and Gaming*

- **Jupiter Telecommunications ended October with 3.26 million customers, up 11.8 percent year-on-year.** Combined revenue generating units for cable television, internet access and telephony services reached 5.89 million, boosted 12.5 percent since end-October 2008, and the bundle ratio (average number of services received per subscribing household) increased to 1.81 from 1.80 a year earlier. J:Com's television subscriber base stood at 2.59 million in October, of which 2.29 million are digital television subscribers. The number of internet subscribers went up to 1.57 million from 1.36 million in October last year, and the number of telephony customers climbed to 1.73 million from 1.53 million.
- **Sony Corp. Chairman Howard Stringer forecast 3D movies, pictures and games will be the electronics maker's next US\$10 billion business, challenging investors and analysts who say the technology isn't ready to become mainstream.** 3D-related products, excluding content, will generate more than 1 trillion yen (US\$11 billion) in the 12 months ending March 2013. The company will begin offering TVs, Blu-ray players and game consoles that adopt the technology starting next fiscal year. Stringer's bet that 3D will spread from the movie theater to the living room highlights part of his strategy to revive a company that's forecasting its first back-to-back annual losses in half a century.

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



Week of 16 November 2009 - 22 November 2009

## *Investments/ Ventures*

- **Bain Capital agreed to acquire Citigroup's Japanese call centre operator BellSystem24 for 100 billion yen (US\$1.1 billion) as part of its growth strategy.** Citigroup Capital Partners Japan, a subsidiary of Citi, will receive cash consideration for its 93.5 percent stake in BellSystem24. The transaction is expected to close on December 30, 2009. BellSystem24 is a top player in the Japanese call centre market. Citi has sold its Indian IT outsourcing arm Citi Technology Services to Wipro for US\$127 million, and Indian back office division to Tata Consultancy Services for approximately US\$505 million.

## **Korea**

### *Hardware*

- **Samsung Electronics and LG Display (LGD) have adopted similar investment strategies in the Chinese market, hedging the risk of overcapacity.** Samsung Electronics had planned to set up a LCD panel plant in Suzhou, a city in eastern China's Jiangsu province. The project's investment budget amounted to US\$2.25 billion. Samsung is now seeking to establish a joint venture with a registered capital of 800 million dollars to complete the project. The plant will produce LCD TV panels based on 7.5-generation technology. Prior to Samsung's announcement of its plan in October, LG Display will set up a 4-billion-dollar LCD production based on the 8-generation technology in Guangzhou, capital of south China's Guangdong Province. LGD has already set up a joint venture with the Guangzhou government and China TV Manufacturing Company, in which it holds 70 percent of the total equity. Based on the share holding proportion, LGD will invest US\$2.8 billion in this project.

### *Mobile/Wireless*

- **According to the Korea Herald reports citing unnamed sources, Korean mobile content developer Entaz will become an MVNO in 2010.** Entaz has signed a memorandum of understanding with KT, which will see the companies work together on MVNO-related issues. Entaz will also develop a portal downloadable by KT subscribers which will enable them to buy games and other mobile content. The Korea Communications Commission has been pushing for MVNO regulations as one of the measures to reduce prices in the telecommunications sector.

### *Semiconductors*

- **Hynix Semiconductor Inc. will again seek to sell part of their stake in the world's second-largest memory chip maker through an open bidding process.** The move comes after Hyosung Group decided to drop its bid for a 28.07 percent stake in Hynix Semiconductor amid rumors its political ties influenced the bid. A shareholder consultative meeting will make a decision on the resale issue by November 25. An open bid will be held should 75 percent or more of the shareholders vote for it.

### *Information Technology*

- **South Korea's exports in the information and technology and tech sectors are expected to rise sharply next year as a global economic recovery would drive up corporate IT budgets.** Lee Gam-yeol, vice president of the Korea Electronics Association forecasts that South Korea's IT and tech exports will amount to US\$133 billion next year, boosted 11.1 percent from this year, with the annual industry production expected to rise 7.7 percent from a year ago to 237 trillion won (US\$205.3

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



Week of 16 November 2009 - 22 November 2009

billion) in 2009. Some market experts, however, have been skeptical about the forecast. Steve Ballmer, head of the U.S. computer software powerhouse Microsoft Corp., earlier said a global economic downturn forced corporations to cut back on IT spending and corporations would still maintain a tight IT budget in the coming years regardless of the economic condition.

## *Internet*

- **GS Home Shopping Inc. signed a contract to buy a stake in India's TV18 HSN Holdings Ltd. to make inroads into the world's second-most populous country.** Under the contract, GS Home Shopping will purchase a 15-percent stake in the holding company of an Indian cable TV shopping channel for 21.4 billion won (US\$18.4 million).

## **China**

### *Internet*

- **Sina's net revenues climbed 7 percent quarter-on-quarter on an improving advertising market to reach US\$96.4 million, surpassing the company's previous guidance of between US\$91 million and US\$94 million.** Third quarter net revenues were 8.5 percent below one year ago. Sina's net income fell 11.6 percent year-on-year but increased 25.6 percent quarter-on-quarter to US\$16.7 million in the third quarter. Advertising revenues was US\$63.8 million in the quarter. Ad revenues boosted 10 percent and exceeded company guidance of between US\$60 million and US\$62 million.

### *Hardware*

- **Acorn International had net income of US\$2.7 million for the third quarter of 2009, compared to a US\$10.8 million loss in the third quarter of 2008 and US\$11.4 million income in the previous quarter.** Net revenues were US\$91.8 million, up from US\$71.1 million and US\$49 million in the year- and quarter-ago periods, respectively. Direct sales net revenues declined 7.5 percent year-on-year to US\$42 million, due to lower mobile phone sales. Given the divestiture of Yimeng in the second quarter, lower mobile phone sales and the higher cost of flash memory, Acorn lowered its full year forecast to net revenues in the range of US\$280 million to US\$290 million.

### *Telecommunications*

- **China Unicom's average revenue per user (APRU) for its 3G services is rising, passing the 100 yuan (US\$14.65) mark and more than double that of its GSM service.** The company's GSM ARPU had fallen to around 41.6 yuan (US\$6.08) in the first nine months of 2009. Unicom believes that there was still growth potential for voice services in China's rural areas. Unicom's 3G network covered 285 cities in China at the end of October, and would expand to 335 cities by the end of 2009. In the first half of 2010, the network would cover all cities and major towns in the country. Unicom and rivals China Mobile, and China Telecom are launching 3G services this year, which will increase competitive pressure to attract subscribers to the more lucrative service. Rising competition and expenses associated with the 3G rollout was a prime reason that all three carriers had disappointing quarterly earnings last month.
- **JPMorgan has disposed 45.2 million shares of China Telecom, at HK\$3.54 (US\$.45) apiece, on 10 November 2009.** The total consideration amounted to HK\$160 million (US\$20.6 million). JPMorgan's shareholding in the company has then dropped to 5.85 percent.



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



Week of 16 November 2009 - 22 November 2009

- **ZTE will take about a fifth of the global market for wireless mobile equipment based on the GSM standard, using financial assistance from Beijing to fund its rapid expansion.** The company's revenue from GSM equipment sales had doubled over each of the last few years, making ZTE the world's third-biggest vendor behind global leader Ericsson and Chinese rival Huawei, Zhao Yizhe, vice-president in charge of GSM equipment told Reuters. His division was on track to match the doubling pace in the first three quarters of this year, and aimed to maintain a similar high growth rate in 2010. ZTE has risen from relative obscurity over the last decade to become one of the world's top sellers of equipment used to build mobile networks. Sales of equipment based on GSM account for about 10 percent of ZTE's total revenue and a third of its wireless equipment sales. Zhao's division's contract sales this year would top 10 billion yuan (US\$1.47 billion).
- **China Mobile Ltd.'s average revenue per user may be pressured further as the company adds customers in rural areas, but it will work to control costs as business growth slows.** China Mobile, the world's biggest mobile operator by subscribers, said it will lower its capital expenditure in the coming few years. The company is working on an A-share listing in mainland China. China's government will allow foreign companies, including red chips like China Mobile, to list on the mainland's exchanges.
- **Huawei is building 25 networks worldwide based on next-generation Long Term Evolution (LTE) wireless technology, aggressively expanding in an area that may help to propel it past Ericsson to become the world's top telecoms equipment maker.** Huawei was building commercial LTE networks for European carriers Telenor and TeliaSonera, and trial ones for the likes of Vodafone and T-Mobile, Ying Weimin, president of LTE products said. Huawei was also pursuing LTE business with two top U.S. carriers, Verizon and AT&T, in the tough North American market where it has made few inroads to date. He expected the world's first commercial-use LTE networks to launch sometime in the second or third quarters of next year, aimed at serving growing consumer demand for faster speeds on wireless broadband services.

## *Media, Entertainment and Gaming*

- **Deputy director of State Administration of Radio Film and Television of China, Zhang Hongsen reports that China's domestic movie box office is expected to reach surge 40 percent in 2009, rising to become the world's third largest film producer.** Zhang said that China's film industry, production and market capacity has been growing rapidly. China produced approximately 400 feature movies which made China the world's top ten film makers. The Chinese film industry in contrary increased the number of feature film produced despite the worldwide financial crisis. It is expected that the production will reach 450 in 2010.
- **Giant Interactive Group will formally start its reform of property rights by establishing five subsidiaries.** The company holds 51 percent shares in each subsidiary and the members of the projects' core team hold the rest 49 percent. These five subsidiaries have full decision-making autonomy, including the research and development (R&D) of projects and domination of the manpower, material and financial resources. The core team numbers and the parent share profits gained from each project in proportion to their respective contributions. The aim of the company's reform of property rights is to let the R&D teams become their own "boss", stimulating their entrepreneurial potential and to achieve win-win results with the subsidiaries.

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



Week of 16 November 2009 - 22 November 2009

## *Alternative Energy*

- **ReneSola Ltd. had a third quarter net loss of US\$10.2 million.** Gross margin fell to 3.4 percent in the period as the company worked through higher cost inventory as wafer prices fell. Gross margin was 21.2 percent in the year-ago period and 5.1 percent in the second quarter of 2009; the company originally anticipated third quarter gross margin to be similar to that of the second quarter. Third quarter net revenues fell 34.7 percent year-on-year but shot up 70.6 percent quarter-on-quarter to US\$140.9 million, topping the high end of company guidance of between US\$130 million to US\$140 million. Shipments climbed 71 percent sequentially to 146.9MW in the period, the highest quarterly shipments in ReneSola history.
- **LDK Solar Co Ltd agreed to sell a 15 percent stake in its Chinese polysilicon plant to Jiangxi International Trust and Investment Co Ltd for about US\$219 million, lifting its shares as much as 14 percent after hours.** LDK makes silicon wafers for the solar power industry and is working to ramp up a plant for polysilicon, a prime commodity in the solar industry, as part of its strategy to reduce costs. Prices for polysilicon and for solar panels have tumbled in the last year. The deal helps LDK in terms of alleviating their liquidity.
- **Canadian Solar Inc. recorded net income of US\$25.3 million in the third quarter of 2009, or US\$0.69 per diluted share, compared to net income of US\$11.1 million in the year-ago period and US\$17.7 million in the previous quarter.** Gross margin was 16.3 percent in the three-month period, compared to 15.5 percent in the third quarter of 2008 and 20.2 percent in the second quarter of 2009. Net revenues for the quarter were US\$213.1 million, up 87 percent sequentially but declined 15.6 percent from the year-ago period. Shipments climbed 113 percent quarter-on-quarter to hit a record 102.6MW. Canadian Solar reiterated fourth quarter shipment guidance of approximately 128-138MW with gross margin in the high teens, as well as previously issued full year guidance of between 295-305MW. Europe continued to be Canadian Solar's largest market in the third quarter, with sales growing 179 percent sequentially to US\$186.6 million.

## *Information Technology*

- **VanceInfo Technologies Inc. had net revenues of US\$40.2 million in the third quarter of 2009, up 45.2 percent year-on-year.** The company attributed the increase primarily to the expansion of its China business, which accounted for US\$18.8 million, or 46.7 percent, of net revenues in the quarter. Research and development services produced 57.7 percent, or US\$23.18 million, representing annual growth of 41.9 percent. VanceInfo generated a net income of US\$5.8 million in the third quarter of 2009, an increase of 32.8 percent on an annual basis.

## *Software*

- **Kingsoft Corp. said that 3.03 million viruses were created affecting 1.24 million Web sites in China during the month of October.** Viruses affected 20.81 million computers, while Trojan viruses affected 1.24 million Web sites in October. There has been a trend of planting viruses and Trojans in software add-ons and Web pages, and urged Internet users to be more cautious when clicking unknown sites and links online. China's National Computer Network Emergency Response Technical Team and Coordination Center estimated in June that viruses and related Internet security breeches cause over 7.6 billion yuan (US\$1.11 billion) in losses to businesses annually.

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



Week of 16 November 2009 - 22 November 2009

## *Mobile/ Wireless*

- **Alcatel-Lucent SA said that the Asia-Pacific region, particularly India and China, will remain the company's major drivers of revenue growth.** Revenue contribution from the Asia-Pacific region will likely rise further from third-quarter's 19 percent, Sean Dolan, president for Alcatel-Lucent Asia-Pacific, told Dow Jones Newswires in an interview. Growth in the region will be driven by demand for convergence of fixed-line and wireless networks as carriers try to improve cost efficiencies, and demand for third-generation mobile services. The company is working with China Unicom Ltd., China Mobile Ltd., and China Telecom Corp. to combine their wireless and wireline networks as a way to improve cost.

## **Taiwan**

### *Telecommunications*

- **Taiwan Mobile Co. and China Unicom Ltd. plan to jointly lay an NT\$1 billion (US\$30.8 million) undersea cable between China and Taiwan.** Taiwan Mobile President Harvey Chang and China Unicom Chairman Chang Xiaobing met in Hong Kong to discuss the plan to lay the cable between Tamshui in northern Taiwan and China's Fujian province. The two companies may also consider laying a cable to link Tamshui and Shanghai, and another to link Hong Kong and Fangshan in southern Taiwan.
- **Chunghwa Telecom has signed a memorandum of understanding with the Fujitsu group on collaboration on e-commerce, next-generation networks, digital content, and green IT.** The deal is part of Chunghwa's efforts to enhance ties with Japanese hi-tech manufacturers. This year Chunghwa also invested NT\$60 million (US\$1.9 million) in Sony's ISP Sonet for a 30 percent share, and signed an agreement with NEC to cooperate on e-commerce and IT in Taiwan and Japan.

### *Semiconductor*

- **Advanced Semiconductor Engineering Inc. (ASE) will acquire the remaining 81.8 percent stake it has yet to purchase in Universal Scientific Industrial Co., Ltd. for approximately NT\$18.9 billion (US\$590 million).** ASE acquired 18.2 percent of the contract manufacturer of electronics products including handset devices, wireless networking gadgets, car electronics, storage products, as well as industrial PCs, servers, work stations and their motherboards. The upcoming acquisition is designed partly to eliminate competition between the two companies in the manufacturing of substrates for portable devices and partly to integrate their resources to compete for contracts for system in package (SiP) modules offered by IDM heavyweights.
- **The production value of Taiwan's IC sector in the fourth quarter of 2009 is projected at NT\$366.4 billion (US\$11.41 billion), 0.65 percent lower than in the previous quarter.** The projected decline is mainly due to seasonal changes in demand. In the third quarter, the production value of the IC sector was up 23.2 percent quarter-on-quarter, driven by strong demand from the Chinese market. The highest growth was seen in the IC manufacturing industry, whose output climbed 25.6 percent. In second spot was the IC design industry, with a 22.7 percent increase in production value. The production value of the IC testing industry jumped 21.4 percent, and that of the IC packaging industry climbed 18 percent. In the fourth quarter, the production value of the IC manufacturing industry is expected to increase slightly by 3.6 percent quarter-on-quarter, IC packaging by 2 percent, and IC testing by 1.1 percent.

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



Week of 16 November 2009 - 22 November 2009

## Hong Kong

### *Telecommunications*

- **Netel will issue 12 million and 10 million shares at HK\$0.28 (US\$0.036) apiece.** The placing price represents a discount of 19.48 percent to the latest stock price. The new shares represent 2.74 percent and 2.3 percent of the enlarged issued share capital of the company. The respective net proceeds of HK\$3.2 million (US\$0.41 million) and HK\$2.65 million (US\$0.3 million), will be applied as general working capital of the group and for the group's possible investment in future.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Investments/ Ventures*

- **Lepanto Consolidated Mining Co. was in talks to sell a stake in the Philippine company to Hong Kong's First Pacific Co.** Talks had bogged declined because Lepanto was only offering a 20 percent stake. Pacific wants to acquire all the assets of Lepanto, including its subsidiary Manila Mining Corp. First Pacific controls the Philippines' most valuable firm, Philippine Long Distance Telephone Co, and Metro Pacific Investments Corp. Through these units and allies, it also controls 48 percent of power utility Manila Electric Co. Lepanto's A and B shares both closed 2 percent declined.

### *Telecommunications*

- **Bharti Airtel Ltd. is still keen on mergers and acquisitions in emerging markets, but the company is not in any talks currently.** Bharti held merger talks with South Africa's MTN Group for a second time, but the complex US\$24 billion merger ultimately fell through due to regulatory hurdles. There has been speculation that Bharti may try to sign a deal with Kuwait's Zain Group, which has operations in Africa and the Middle East. But Kohli denied any speculation about an imminent deal. Bharti has been looking overseas to generate growth as revenue growth slows in its home turf. Indian operators are struggling with stiffer competition and lower tariffs as more customers are being added from rural areas. To generate growth at home, the company is focusing on two new areas including mobile commerce which allows banking services on cellphones and mobile entertainment, which would bring entertainment content via mobile devices.
- **Tata Teleservices Ltd.'s current average revenue per user (ARPU) for its operations under the GSM communications technology is over 200 rupees (US\$4.30).** Per-second billing was triggered by the entry of Tata DoCoMo, a joint venture between India's Tata Teleservices Ltd. and Japan's NTT DoCoMo Inc., which started offering such a plan in June. Tata Teleservices Ltd. is the unlisted parent of Tata Teleservices and now operates in both GSM and code division multiple access, or CDMA, pan India. The Tata Group company, which operates mobile phone operations under CDMA technology in the western Maharashtra state, also launched GSM operations earlier in the year.
- **BSNL has suspended its 93-million-line GSM tender amid pressure from India's telecom authorities to scrap the process and start again.** The operator's regional managers were sent an internal letter ordering them to halt the tender until further notice. BSNL has already made an advanced purchase order for 8 million GSM lines from Huawei for India's South zone, and is currently negotiating with Ericsson prices for supplying equipment in the North and East zones. The suspension of the tender comes as the Department of Telecommunications (DoT) called for BSNL to invite fresh bids for the GSM contract on concerns there was a lack of competition in the original

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



Week of 16 November 2009 - 22 November 2009

tender. The telecom is having second thoughts of starting the process anew as it would postpone the widening of its mobile network.

- **Maxis Bhd. may climb in its trading debut after institutional investors bid for 3.7 times more stock than was offered in the US\$3.3 billion share sale.** The lack of growth prospects may limit further gains. Maxis, controlled by 71 year-old billionaire Ananda Krishnan, joins China Minsheng Banking Corp. and Sands China Ltd. in raising at least US\$12.7 billion from Asia's equity markets, aided by the steepest stock rally in six years. The company raised 11.2 billion ringgit (US\$3.3 billion) for its parent Maxis Communications Bhd., which will use the money to expand operations in India and Indonesia. Maxis will pay out 75 percent of its annual profit in dividends.
- **Advanced Info Service PCL said it's revenue increase to 3 percent next year if the auction will be able to sell the third-generation telecommunication licenses and as the economy gets better.** Investment will be at around THB45 billion (US\$1.36 billion). The large investment plan is not expected to damage the company's dividend payment. Competition during the launch of new services will drag the company's EBITDA margin next year to 42 percent-43 percent. National Telecommunications Commission (NTC) wishes to auction 3G licenses. The sale of 3G licenses has been delayed because the NTC's administrations has changed with no one regulating the broadcasting frequencies.
- **Ampal-American Israel Corp. will buy telecommunications provider Smile Communications for 1.2 billion New Israeli Shekels (US\$318 million) as Smile moves to acquire a controlling stake in Bezeq.** The Israeli Telecommunications Corp. A per-share price for the deal wasn't disclosed. The transaction is subject to regulatory approvals from the Israeli Ministry of Communication and the Israeli Antitrust Commissioner.
- **Bharat Sanchar Nigam Ltd. may exit a group that was negotiating to buy a 46 percent stake in Kuwaiti mobile-phone company Zain.** Talks to buy Zain were not successful due to over valuations. A group that included India's Vavasi Group, Malaysian billionaire Syed Mokhtar Al-Bukhary and Bharat Sanchar were in meetings with Zain for two months. Vavasi may get a new partner to replace Bharat Sanchar in about two weeks.
- **Liberty Telecoms saw its nine-month revenues rise but net loss widen.** Revenues were PHP 3.17 million (US\$0.07 million), up from PHP 1.33 million (US\$0.03 million) in the year-ago period. Liberty widened its net loss to PHP 359.72 million (US\$7.7 million) from PHP 292.10 million (US\$6.2 million) in the same period last year. The company's expenses increased by 22.16 percent year-on-year due to rehabilitation of the business and recruitment of additional manpower.
- **Digital Telecommunications Philippines (Digitel) significantly narrowed its net loss in the nine-month period ended September 30, 2009.** Digitel posted a net loss of PHP 394.2 million (US\$8.4 million) versus PHP 2.73 billion (US\$58.3 million) a year earlier. Consolidated service revenues totaled PHP 10.28 billion (US\$219.6 million), up 33.2 percent from last year's PHP 7.72 billion (US\$164.9 million). Mobile unit Sun Cellular boosted revenues as it comprised 72.6 percent of the total and grew 57.7 percent year-on-year to PHP 7.47 billion (US\$159.6 million). The fixed voice segment registered a revenue decline of 9.2 percent to PHP 2.49 billion (US\$53.2 million), mainly due to lower international and domestic tolls which could not be off set by the growth in ADSL revenues of 29 percent. Revenues at the fixed data business were flat at PHP 316.8 million (US\$6.8 million). Consolidated EBITDA went up 40.5 percent to PHP 3.24 billion (US\$69.2 million), due to higher revenues at Sun Cellular. EBITDA margin improved to 31.8 percent from last year's 30.1 percent.



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



Week of 16 November 2009 - 22 November 2009

## *Mobile/ Wireless*

- **India could have more than one billion mobile phone users by 2015, with the bulk of that growth in rural areas.** Bharti Airtel Ltd. is aiming to almost double its customer base to 200 million people in the next few years. Competition in India has become even more aggressive as new players unleash deeper price cuts with innovative per-second billing plans that have pushed call costs down to less than US\$0.01 a minute. India is the world's second-biggest cellular market with more than 400 million users, lagging behind only China, which has over 600 million users. Rural customers are also seen as key to growth in China. The company aims to tap vast rural areas for growth as demand for basic mobile voice services slows in saturated urban markets, with customers now looking for multi-function devices that can send e-mails or play movies. Chinese operators must boost their data business to offset falling prices on voice calls.
- **Symstream has signed a partnership with Machine2Machine Interactive Intelligence, an M2M technology enabler and provider in the APAC region.** Under the terms of the contract, M2Mi3 will deploy Symstream-enabled smart meters to the Philippines metering market. The Symstream-enabled smart meter targets utilities companies looking to adapt to the changing power industry environment in the Philippines. The smart meter is designed to enable electric utilities companies to install the meters in residential homes, with the choice of a postpaid meter (which remotely reads the electricity usage for residents' bills) or a prepaid meter (where customers pay as they go). As a postpaid meter, the smart meter communicates with the meter data management back-end via Symstream's GSM technology. Symstream and M2Mi3 plan to deploy the smart meter in 5 million homes in the first year following project rollout.

## *Holdings*

- **Ayala Corporation has reported that its net income for the first nine months of 2009 amounted to PHP5.8 billion (US\$123.9 million) which is 26 percent lower year-on- year but still 14 percent higher, excluding gains from shares realized in 2008.** It also reported that its consolidated income for the third quarter amounted to PHP1.7 billion (US\$36.3 million) or 13 percent higher than the figures posted in 2008. Combined equity earnings from core business units, Ayala Land, Inc. (ALI), Bank of the Philippine Islands (BPI), and Globe Telecom (Globe) grew by 16 percent during the quarter as their net incomes registered strong growth during the period. This was, however, offset by the mixed performance of units under AC Capital. Equity earnings in the nine-month period ending September remained stable at PHP6.8 billion (US\$145.3 million). Ayala Corporation ended the period with cash at the holding company level of PHP26 billion (US\$555.4 million) and net debt to equity of 0.09 to 1.
- **Ayala Corporation announced that it has increased its stake in Manila Water to 43.3 percent from 31.7 percent as it signed a sale and purchase agreement with United Utilities, Inc. to acquire the latter's 11.6 percent interest in the water company.** The move is viewed value accretive given the growth potential of Manila Water as it looks to expand beyond its concession area. Ayala has also continued to actively invest in the business process outsourcing (BPO) space. Recently, it announced the merger of its contact center investment, eTelecare Global Solutions, with US based Stream Global Services, Inc., a leading global call center company. Subsequently, Ayala's knowledge process outsourcing (KPO) unit, Integreon, announced the acquisition of Grail Research, the captive Strategic Research and Decision Support unit of the Monitor Group, one of the world's leading management consulting companies, who will enter into a five-year contract to buy research services from Integreon.

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



Week of 16 November 2009 - 22 November 2009

## United States/Canada

### *Media, Entertainment and Gaming*

- **Comcast Corp., in cooperation with Ticketmaster Entertainment Inc. and Live Nation Inc. are aiding both firms to salvage their music industry merger now under U.S. antitrust scrutiny.** The company may receive spin-offs of ticketing software and client contracts as part of a proposal to alleviate Justice Department concerns that the Ticketmaster-Live Nation deal would inhibit competition. Comcast has met with Justice Department officials to discuss the proposal. Antitrust regulators must decide whether it's enough to let the Ticketmaster-Live Nation deal go through. Comcast controls New Era Tickets, whose clients include the National Basketball Association's Philadelphia 76ers and Portland Trailblazers and World Wrestling Entertainment Inc.
- **CBS Corp.'s film division, which will debut its first movies next year, tapped Sony Pictures Entertainment to handle marketing and international theatrical distribution.** Sony Pictures will also distribute CBS's home-entertainment products globally. CBS will handle its own theatrical releases in the U.S. and a limited number of foreign countries, it said. CBS Films, formed in 2007, will produce four to six movies a year across all genres, spending as much as US\$50 million a film. Amy Baer, the division's president and chief executive officer, was formerly executive vice president of production at Sony's Columbia Pictures.

### *Telecommunications*

- **Overland Park, Kan., wireless carrier Sprint Nextel Corp. would pay down the US\$1 billion left on a US\$4.5 billion credit facility as the company looks to trim further expenses amid continued subscriber losses.** It is the latest step that Sprint has taken over the past year to improve its balance sheet and trim costs, from paying down and refinancing debt to two rounds of significant layoffs. With this payment, the company would no longer have an outstanding balance. The debt paydown comes as the company is preparing to lay out a significant amount of cash to buy one its largest independent affiliates iPCS Inc. for US\$426 million, as well as chipping in another US\$1.2 billion to Clearwire Corp. Sprint had US\$5.9 billion in cash, cash equivalents and short-term investments and US\$1.6 billion in borrowing capacity available under its revolving bank credit facility, as of the end of the third quarter.

### *Internet*

- **Google Inc. had teamed up with Univision Communications Inc. to make the Spanish-language broadcaster's videos available on YouTube in the coming months.** Under terms of the agreement, the largest Spanish-language broadcaster in the U.S. will provide YouTube with short clips and full-length programs from its three networks, Univision, TeleFutura and Galavisión. The agreement is the latest that Google has signed with top content creators, such as Walt Disney Co. and Time Warner Inc., as YouTube strives to make the site more advertiser-friendly by carrying professional content in addition to the user-generated videos that made the Website popular. For Univision, the deal marks the first time it has content available on any Website outside of its own properties and is expected to generate additional online-advertising dollars.
- **AOL will cut about one-third of its workforce over the next several months.** AOL employs about 6,900 people indicating job cuts of about 2,300. The company will begin a voluntary layoff program Dec. 4 and is looking for as many as 2,500 volunteers. AOL will begin firing employees if the voluntary departures fall short. AOL is aiming to reduce its annual operating costs by about US\$300

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



Week of 16 November 2009 - 22 November 2009

million through the restructuring. AOL is now combating a slump in advertising revenue that contributed to a 50 percent drop in operating income at the division in the third quarter. Chief Executive Officer Tim Armstrong, 38, told employees in July that job cuts were possible. Armstrong, a former Google Inc. executive named CEO of AOL in March, will overhaul advertising and develop more local and niche Web sites to help turn around falling sales.

- **Vonage Holdings Corp. will settle an investigation into the company's business practices by the attorneys general of 32 states.** Vonage will pay a total of US\$3 million to the participating states, and the Internet phone-service company will also implement certain enhancements to its business practices, many of which the company implemented prior to completion of the settlement. The company also will provide refunds to certain consumers. Vonage made a reserve in the second quarter of this year for the amount of the payment to the states and the customer refunds and in September placed the US\$3 million payment into escrow. Vonage had third-quarter loss widened sharply because of an accounting charge, as subscribers continued to leave the company at a high clip.

## *Semiconductors*

- **Qualcomm Inc will launch a TD-SCDMA wireless chip in mainland China next year.** The company expects revenue from the Chinese market to increase in the next few years as the country is expanding the 3G services, Qualcomm said during a media event in Hong Kong. China now accounts for 23 percent of Qualcomm's total revenue. In addition, the company will grow its R&D and after-sales businesses in the Asia Pacific region as the company foresees strong demand and growth potential in this area. Qualcomm is the world's largest designer of chips used in mobile phone handsets.

## *Software*

- **Autodesk Inc. forecasted fourth-quarter profit to fall short of analysts' estimates. Excluding some items, profit will be US\$0.19 to US\$0.24 a share.** Analysts predicted US\$0.25 on average. Autodesk's customers have cut jobs and curbed plans for construction and manufacturing, crimping demand for engineering software. Designers use the company's 2-D and 3-D modeling to create everything from buildings to Hollywood visual effects. Third-quarter net income dropped 72 percent to US\$29.5 million from US\$104.5 million. Sales fell 31 percent to US\$416.9 million in the period, which ended Oct. 31.
- **Salesforce.com Inc. forecasted sales and profit to fall short of some analysts' estimates.** The company projected that profit will be US\$0.14 to US\$0.15 a share and sales will total US\$340 million to US\$342 million in the fourth quarter ending in January. That compares with the 15-cent profit and US\$334.8 million in sales estimated by analysts in a Bloomberg survey. Salesforce.com had third-quarter net income of 16 cents a share, double the year-earlier results and in line with the average estimate of analysts surveyed by Bloomberg. Sales for the period ended Oct. 31 climbed 20 percent to US\$330.5 million, beating analysts' average estimate of US\$324.5 million.

## **Europe**

### *Mobile/ Wireless*

- **L.M. Ericsson Telephone Co. has concluded its acquisition of Nortel Network Corp.'s CDMA and LTE assets in North America.** Ericsson plans to be involved in the US\$1.13 billion asset purchase contract for the North American company's LTE and CDMA assets. The former Nortel staff will be integrated into the Ericsson group over the coming months and the entity will work under



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



Week of 16 November 2009 - 22 November 2009

the Ericsson. The results for these operations will be consolidated by Ericsson on a pro-rata basis from the closing date proportionally within the firm's Networks and Professional Services segments. The report for the fourth quarter 2009 will be the first accounts including the new entity.

- **L.M. Ericsson Telephone Co. has signed a 10-year contract to operate the nationwide play-out services of Swedish broadcasting company TV4.** As a result of the agreement, 40 employees from TV4 will be transferred to the Stockholm-based network equipment vendor. Ericsson will run the day-to-day transmission of TV channels for delivery to service providers, in order to enable TV4 to focus on its core business. The deal is of strategic interest for Ericsson as TV distribution on different platforms such as Internet and mobile phones are getting increasingly important. Ericsson will also establish a joint technology and business development forum with TV4 Group, where the companies will evaluate new business opportunities.
- **Nokia Siemens Networks has received an order to upgrade Telenor Denmark's networks.** The order includes a full upgrade of Telenor Denmark's current 2G and 3G radio network for EDGE and HSPA+ services based on its LTE-capable Flexi Multiradio base station. The agreement is for six years, Nokia Siemens said, adding that the contract also includes project management, network implementation and other services.

## *Telecommunications*

- **Portugal Telecom SGPS SA had its third-quarter net profit decrease 36 percent as lower mobile termination rates squeezed cellular revenue in Portugal, and Brazilian revenue dropped due to the depreciation of the real compared with the euro.** Revenue dropped 2 percent, as EBITDA fell 3 percent. PT's earnings were broadly in line, although its Portuguese fixed-line operations were slightly better than expected, getting a boost from more Internet-based TV customers. The brokerage added PT has had to spend more to hold onto market share as it faces strong competition in all of the areas where it operates.
- **France Telecom SA still aims to generate 8 billion euros (US\$11.9 billion) of free cash flow this year, next year and 2011, provided levels of activity don't worsen.** Even though pressure on EBITDA persists, savings in operating expenses and reductions in capital expenditure should help the company achieve its cash flow targets. The group still aims to continue to distribute 45 percent of free cash flow to shareholders but that the current social and economic backdrop will make it difficult to increase the dividend next year. However, beyond 2011, the CFO hopes general economic conditions will improve, enabling the company to steadily increase its dividend again.
- **Telenor ASA cut its views for accumulated capital expenditure over the first five years in its Indian operations by around 30 billion-35 billion Indian rupees (US\$649 million-US\$757 million) amid a focused roll-out plan and better terms from equipment vendors.** The company said it will evaluate operating expenditure in India in accordance with the market development, adding that peak funding for the operations will be somewhat lower than the previously expected 155 billion rupees (US\$3.3 billion). Telenor, which co-owns Uninor with Indian real-estate company Unitech Ltd., announced its plans to buy a majority stake in the mobile operator in order to take part in India's strong market growth. Uninor will launch its mobile phone services by the end of 2009. Telenor aims for a focused roll out in 22 geographical circles in India, adding that it has reached agreements with around 1,000 distributors and 300,000 points of sale and has installed around 12,000 base stations.
- **Wind Hellas had applied to the U.K. High Court to be placed in administration as it moves forward with a plan to cut its 3.2 billion euros (US\$4.7 million) debt pile.** It is anticipated that a

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



Week of 16 November 2009 - 22 November 2009

substantive hearing will be heard in the week beginning Nov. 23. The administration application is part of the Wind Hellas' plan to restructure its debt. The move comes 10 days after Weather Investments, an investment vehicle majority-owned by Egyptian entrepreneur Naguib Sawiris, won the battle to keep control of Wind Hellas. A pre-pack administration, a process under U.K. insolvency law where a business on the brink of insolvency is sold without liabilities is likely to be used to drop around 1 billion euros (US\$1.5 billion) of subordinated debt from the Wind Hellas' balance sheet.

- **Turkcell Iletisim Hizmetleri A.S. is looking east and toward other adjacent markets as the company looks for international growth.** The firm is eyeing assets in Libya. Earlier this year, Turkey's largest mobile-phone operator by subscribers said it would bid for landline and mobile service licenses in the North African country. Turkcell has 62 million subscribers across eight countries, of which 32 million users are in Turkey, where it has about 56 percent market share. As part of their emphasis on emerging markets, Ozturkler backed the company's long-term view on Ukraine, saying they are committed to the market. Investors have raised concerns over Turkcell's operations in the embattled Eastern European nation, where the economic outlook remain bleak. Turkcell has a majority stake in Astelit, which operates the third-largest mobile telephone network in Ukraine.
- **Telenor ASA expects revenue contribution from Asia to climb steadily surpassing 30 percent as the company moves to launch services in India.** Asia accounted for about 26 percent of the company's revenue, while the Nordic region accounted for 38 percent. Headquartered in Oslo, Telenor's operations span 13 countries, including Denmark, Sweden, Finland, Pakistan, Thailand, Malaysia, Bangladesh and several Central and Eastern European countries including Ukraine and Hungary. The company, which had 172 million mobile subscriptions worldwide as of the third quarter, is planning to launch services in India through its joint venture Unitech Wireless later this year. Telenor holds a 67.3 percent stake in Unitech.

## *Media, Gaming and Entertainment*

- **Cable & Wireless PLC aims to complete its delayed de-merger by March 31, 2010 and has put in place new financial arrangements and plans for its pension scheme to achieve that goal.** The company's controversial management incentives would remain in place to maturity, offsetting potential criticism that the demerger would trigger big payouts upon completion. C&W, which counts BT Group PLC as its biggest rival in the U.K., said its International division will receive US\$1 billion in new bonds and bank facilities so it can meet its medium-term debt maturities.
- **ITV Plc appointed Archie Norman as its new chairman, ending about a six-month-long search to fill the post.** Norman, 55, will in January take over from Michael Grade. Chief Operating Officer John Cresswell will be interim chief executive officer. Norman takes over as non-executive chairman of the unprofitable broadcaster, which had suffered as advertising clients slashed marketing budgets amid the economic slowdown and as television faces intensifying competition from the Internet. Norman will be paid 300,000 pounds in fees, and was allocated 1.2 million shares. He will get 400,000 of these shares each year for the next three years. ITV has been actively looking for a CEO over the past few months. ITV had meetings with Tony Ball and did not result to any deal over the chairmanship.
- **Virgin Media Inc.'s new Chief Financial Officer Eammon O'Hare is focused on reducing costs at the debt-laden U.K. pay television and cable company.** The company is also focused on growing average revenue per user and net subscriber numbers, he said. O'Hare, who joined Virgin Media earlier this month from supermarket retailer Tesco PLC, was speaking at the annual Morgan Stanley Technology, Media and Telecoms Conference in Barcelona. Virgin Media, like U.K. rivals BT

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



Week of 16 November 2009 - 22 November 2009

Group PLC and British Sky Broadcasting Group PLC, has benefited from strong consumer demand for home entertainment during the economic downturn. By spending more time at home, consumers are hoping to curb overall expenditure, while they are prepared to pay more for premium services such as high definition television.

- **British Sky Broadcasting Plc, the U.K.'s biggest pay-television provider, expects profit and cash flow to grow in coming years as it continues to add clients even as competition increases.** BSkyB, controlled by Rupert Murdoch's News Corp., said Oct. 23 that new subscribers and demand for high-definition programs boosted fiscal first-quarter profit. BSkyB, which owns the Sky TV channels, won 94,000 net new subscribers in the quarter ended Sept. 30 for a total of 9.54 million. The company has a target to reach 10 million customers in 2010. The company will face increasing competition from telecommunications companies as more consumers have high-speed, broadband Internet connections, which also can be used for pay-TV. BT Group Plc would triple spending on fiber-optic lines to 1.5 billion pounds (US\$2.52 billion) and catch up with rivals in high-speed Internet.

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



Week of 16 November 2009 - 22 November 2009

## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 11/20/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	88.8600	-0.9%	-1.9%	-3.6%	-21.0%
Hong Kong dollar	HK\$/ US\$	7.7501	0.01%	0.01%	-0.001%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8277	0.02%	0.02%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.3885	0.3%	-0.02%	-5.0%	-3.9%
South Korean won	KRW/ US\$	1,157.9000	0.1%	-0.8%	-12.0%	23.7%
New Taiwan dollar	NT\$/ US\$	32.3750	0.6%	0.2%	-1.2%	-0.4%
Australian dollar	US\$/A\$	0.9145	-2.0%	-1.5%	28.8%	4.6%
New Zealand dollar	US\$/NZ\$	0.7238	-2.5%	-4.3%	23.7%	-6.5%
Philippine peso	PHP/ US\$	46.8000	0.6%	0.5%	-0.8%	13.6%
Euro	US\$/€	1.4864	-0.3%	-0.7%	7.1%	1.0%
British pound	US\$/£	1.6511	-0.9%	0.6%	13.7%	-17.2%

Fixed Income Prices and Yields							
Note	Currency	Current (on 11/20/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.31	4.34%	100.27	4.41%	105.02	4.20%
Japan 30-year	¥	100.09	2.21%	99.20	2.25%	99.11	2.24%
Hong Kong 10-year	HK\$	103.00	2.30%	102.31	2.38%	102.20	2.29%
China (06/16)	US\$	107.08	3.50%	106.91	3.53%	108.93	3.22%
Singapore 10-year	S\$	100.30	2.48%	99.75	2.55%	98.65	2.66%
South Korea 20-year	KRW	10,042.26	5.64%	10,043.00	5.63%	9,822.26	5.71%
Australia 15-year	A\$	102.35	5.47%	101.03	5.63%	99.53	5.81%
New Zealand (12/17)	NZ\$	99.96	6.10%	99.22	6.21%	101.50	5.75%
Philippines 20-year	PHP	104.71	9.18%	104.81	9.17%	104.59	8.99%
India 30-year	INR	83.65	8.45%	83.20	8.55%	82.93	8.41%
UK 30-year	£	110.50	4.16%	107.26	4.36%	109.47	4.18%
Germany 30-year	€	105.43	3.94%	102.67	4.08%	103.73	4.04%

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