



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

Week of 15 February 2010 - 21 February 2010

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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 (2/19/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,109.17	3.1%	-3.6%	-0.5%	22.8%
Dow Jones Industrial Avg.	10,402.35	3.0%	-3.0%	-0.2%	18.5%
Dow Jones Tech. Index	388.93	2.2%	-4.8%	-3.4%	54.7%
Dow Jones Telecom. Index	204.84	0.8%	-5.1%	-6.7%	2.5%
NASDAQ Composite	2,243.87	2.8%	-3.3%	-1.1%	42.3%
Japan Nikkei 225	10,123.58	0.3%	-6.7%	-4.0%	14.3%
JASDAQ	49.98	0.0%	1.2%	3.3%	3.7%
Japan Mothers	393.23	0.2%	-7.7%	-5.5%	21.6%
Korea KOSPI Composite	1,593.90	0.0%	-6.9%	-5.3%	41.7%
Korea Kosdaq	504.39	0.1%	-8.8%	-1.8%	51.9%
Taiwan Stock Exchange	7,441.84	0.0%	-10.7%	-9.1%	62.1%
Singapore Straight Times	3,005.67	0.6%	-1.0%	0.5%	70.6%
Hong Kong Hang Seng	19,894.02	-1.8%	-7.3%	-9.0%	38.3%
Hong Kong GEM	709.94	-1.7%	-6.6%	4.9%	84.2%
China Shanghai (A-Share)	3,164.65	0.0%	-6.8%	-7.9%	65.5%
China Shenzhen (A-Share)	1,186.84	0.0%	-8.9%	-5.9%	104.1%
China Shanghai (B-Share)	250.33	0.0%	-5.0%	-0.8%	125.7%
China Shenzhen (B-Share)	591.02	0.0%	-7.1%	-5.6%	117.9%

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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

- **US\$1 trillion were spent on wireless equipment and services in 2009 beating the US\$110 billion which the consumers paid for wireless devices and accessories last year.** Global cell-phone shipments would hopefully increase to 1.61 billion units in 2014.
- **Video accounts for the bulk of mobile data traffic used by mobile subscribers in the EMEA region and the Americas, while users in Asia-Pacific lean more towards Web browsing.** Subscribers in Europe, the Middle East and Africa are the most avid users of video, with video taking up an average 43 percent of data traffic volume.
- **The world's mobile worker population will beat the 1 billion mark this year and boost to more or less 1.2 billion people, forming a third of the world's workforce, by 2013.** The most significant gains will be in the emerging economies of Asia/Pacific, where economic recovery and new interest in unified communications will drive growth in all aspects of mobility spending. The U.S. has 72.2 percent of the workforce mobile in 2008. It will still have 75.5 percent of the workforce, or 119.7 million workers, in the mobile. Asia/Pacific, excluding Japan, has the biggest number of mobile workers throughout the forecast, with 546.4 million mobile workers in 2008 growing to 734.5 million or 37.4 percent of the total workforce in 2013.

Telecommunications

- **3G users will exceed 300 million in 2010 as it reached 200 million in Europe in 2009.** A third of Western Europe's mobile users now have 3G, and will have 50 percent by the end of this year. There are 30 million 3G subscribers. There is an increasing number of 3G users being contracted customers as a whole 70 percent of 3G users are on contracts and 30 percent are pre-paid. 50 percent of users are contract and 50 percent are pre-paid. 3G handsets are cutting prices. Qualcomm is supporting handsets with a price tag of 100 pounds (US\$154.7). There were 132 million 3G devices on the market, boosted 8 percent over 2008. In 2010, the number is expected to rise to 153 million. 42 percent of all handsets sold were 3G.
- **GSMA calls on operators to tackle 300 million-subscriber gender gap worldwide.** Addressing the gender gap in mobile phone ownership across middle and lower-income countries could provide a valuable new revenue stream for mobile operators. There is a 300 million subscriber gender gap that is, 300 million fewer women than men worldwide own mobile phones. A Global Opportunity', produced by the GSMA Development Fund and the Cherie Blair Foundation for Women and published at Mobile World Congress in Barcelona. Based on ARPU calculations for mid/low-income countries, defined as those where income is less than US\$11,000 per annum. The revenue opportunity ranges from US\$740 million per annum in Latin America to US\$4 billion in East Asia.
- **Verizon Wireless, China Telecom and KDDI merged with GSMA as it adopts LTE standard.** The new members are three of the world's largest CDMA operators. They will launch high-speed mobile networks based on 3G Long Term Evolution. 74 operators agreed with LTE. LTE is in the final phase of trials. Verizon will release LTE services in 25 to 30 of its markets in 2010, or a third of its PoPs in the U.S. The first product to launch will be a mobile broadband service accessed via dongle.

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Semiconductor

- **The number of Femtocell access points in the market will boost 49 million units by 2014, with an estimated 114 million users accessing services through mobile gateways.** 12 operators have now committed to rolling out femtocells, which includes nine commercial launches and a number of ongoing trials. This compares to eight femtocell commitments and six commercial launches as of November 2009. A number of femtocell equipment vendors had a recent up-tick in demand. Vodafone re-branded and re-launched its own U.K. femtocell offer at a lower price point, changing the name from Vodafone Access Gateway to Sure Signal. Operators launching femtocells are pitching them on the promise of better indoor coverage, but the industry body representing femtocell makers is already preparing for when the market matures.
- **Global DRAM sales are seen to rise 40 percent this year, ending three consecutive years of decline as the sector rebounds from its worst-ever slump.** Research house iSuppli expected global revenue from dynamic random access memory (DRAM) chip sales this year to reach US\$31.9 billion, increased from US\$22.7 billion last year when revenue fell 3.7 percent from 2008. DRAM chips are used mostly in personal computers. The fourth quarter's US\$8.5 billion revenue marked the first time the industry crossed the US\$8 billion threshold since the first quarter of 2007. iSuppli believes the current upcycle will not be followed by rapid declines in revenue and price growth in following quarters. Fourth-quarter revenue is US\$1.7 billion. U.S. player Micron Technology also saw its DRAM revenue jump by 50 percent quarter-on-quarter.

Japan

Hardware

- **Sony Corp. has pulled the plug in Japan on sales of a next-generation flat TV due to sluggish demand, a setback for a product the company had trumpeted as a sign of its revival as an innovator.** Sony had stopped production of ultra-thin TVs using organic light-emitting diode (OLED) technology for Japan, just a little over 2 years since it launched its first set. It will keep selling the TVs in overseas markets. OLED displays use organic, or carbon-containing compounds that emit light when electricity is applied. They produce crisp images and do not need backlighting, making them slimmer and more energy-efficient than LCDs.

Semiconductor

- **Mitsubishi Electric Corp. named Mr. Kenichiro Yamanishi as the company's new president & CEO, and is scheduled to assume his new position on April 1, 2010.** Mr. Yamanishi will replace Mr. Setsuhiro Shimomura, who will then be appointed to the new position of Chairman. Semiconductor & Device.

Media, Entertainment and Gaming

- **Ken Kutaragi, honorary chairman of Sony Computer Entertainment Inc., will become an outside board member of Rakuten Inc.** Kutaragi is known as the father of the PlayStation game console series. He will take up the post on March for a one-year term. Kutaragi also serves as an outside board member of Kadokawa Group Holdings Inc.
- **Capcom Co. will stick with development of titles for Nintendo Co.'s Wii consoles even as sales fall and rival software makers shift emphasis.** Sales of the Wii in the U.S. declined for 10 out of the past 12 months, from a year earlier. Nintendo sold 31 percent fewer consoles last month in the

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country, after holiday sales spiked 77 percent to a record 3.81 million players in December. Declining demand for the console led Ubisoft Entertainment SA, to reverse its outlook for full-year profit and refocus efforts toward Microsoft Corp.'s Xbox 360 and the Sony Corp.'s PlayStation 3. Nintendo's own titles continued to dominate software sales, crowding out third-party contributors.

Telecommunications

- **Willcom Inc. will file for bankruptcy protection with the Tokyo District Court.** Enterprise Turnaround Initiative Corp. will likely decide whether to provide financial support for Willcom after the phone company applies for court protection. PHS services have lost customers to NTT DoCoMo Inc., KDDI Corp. and Softbank Corp., who offer faster services. Willcom may seek investment from Softbank, Japan's third-largest mobile-phone company, and a Japanese investment fund, to revive its businesses. Willcom had total liabilities of 173.3 billion yen (US\$1.9 billion), or six times its shareholders' equity.

Korea

Software

- **Samsung's Bada application store will be able to offer a minimum of 1,000 apps by the end of 2010.** Samsung has already made its Bada software developer kit (SDK) available to its partners, and will publicly release it in March. The firm is bidding to acquire software vendors. Samsung unveiled its first Bada device, Wave. The handset will be available in 50 countries by May. Software developers will be able to use the SDK to manually select the range of handsets they want their apps to support. Samsung's investment in mobile software this year will exceed the 130 billion won (US\$113 million) spent last year. Choi was appointed as Samsung's new CEO in December. Samsung will place equal emphasis on mobile software, as the rapid spread of the smartphone segment brings handset device makers' attention to the growing sector. Samsung unveiled the Wave, its first smartphone based on Samsung's own Bada operating system at the mobile show.

Media, Gaming and Entertainment

- **Two major gaming companies are focusing on two opposite strategies.** Com2us added online game as new business area, doing expansion, but Gamevil chose concentration strategy by presenting mobile game in line with diverse OS. Although there is risk on investment, scale of online game is far larger than mobile game, so the possibility of growth in the future is wide open. Com2Us began open service of Golf Star, its first online game, in December of last year and in last month, it proceed closed test of Come on Baby All Starts to push forward online game business in earnest. Com2Us will unveil one more online game of casual genre within this year. With addition of new business area, the number of staff increased from 150 in the end of 2007 to 250. It will enhance mobile game area and will unveil games that to be released in domestic market and presented in Appstore. It will present 10 games in Android market as well as Appstore.

Alternative Energy

- **SKC Solmics Co. will invest 32.7 billion won (US\$28.60 million) to produce silicon wafers for use in solar cells.** The company, a ceramic maker for components of semiconductor and LCD equipment, will complete a 50 megawatt production line of silicon wafers, a thin slice of silicon used to fabricate semiconductors, at a plant in the city of Pyeongtaek, south of Seoul, by the end of this year. The new business is expected to generate more than 60 billion won in sales next year. With its subsidiary tapped into the silicon wafer market, SKC will be able to produce a range of key materials

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for solar cell production, including ethylene vinyl acetate, fluorinated films, polyester films and back-sheet.

Hardware

- **LG Electronics Inc. aims to raise its sales of computer and television monitors in Japan to US\$100 million by 2012, boosted some 67 percent from last year.** LG Electronics has released seven new models, mostly high-end products and three-dimensional screens, on the Japanese market, as it aims to claim the No. 1 spot in sales for the next two years. LG became the fifth-largest supplier of computer and television monitors in 2009 with over US\$60 million in sales, it added.

China

Telecommunications

- **China Unicom chairman Lu Yimin will rollout HSPA services in some Chinese cities during 2010.** The operator is also testing HSPA+ technology, and researching IMS, with a view to eventually rolling out LTE services. Mobile penetration in China increased to 56.7 percent in 2009 to reach 747 million users. China Unicom currently has around 150 million mobile customers, including 3.5 million 3G subscribers. China's 3G users reached 13.25 million at the end of 2009, with market leader China Mobile reporting 5.51 million users of the locally-developed TD-SCDMA 3G standard. Lu is aiming to make China Unicom the country's largest 3G provider by subscribers, by tapping the demand for low-cost smartphones.

Media, Entertainment and Gaming

- **The9 will launch a promotion for its in-house developed 2D Three Kingdoms-themed side-scrolling fighting casual game World of Fight.** Gamers can apply for resurrection tickets to invite their friends to the game. The inviter will be rewarded by: 5 Q coins when the invited gamer reaches level 19; or 20 percent of the total sum when the invited gamer recharges resurrection tickets.
- **Shenzhen ZQ Game Technology has eight games, ranging from 2D to 3D, under development at present, and will release several new webgames this year.** The company will enter social networking service (SNS) and mobile games in future. The company employs more than 400 research and development staff.

Alternative Energy

- **JA Solar Holdings made a full year net loss of 128.66 million yuan (US\$18.85 million) in 2009.** Net loss per diluted American depository share over the year came to 0.8 yuan (US\$0.12). The company generated revenues over the reporting period of 3.78 billion yuan (US\$553.65 million). Fiscal year 2009, though 2009 shipments increased 83.8 percent year-on-year. JA Solar booked shipments of 231MW, generating revenue of 1.63 billion yuan (US\$238.43 million) and net income of 152.53 million yuan (US\$22.35 million) at a gross margin of 20.5 percent. The company raised its outlook for the full year of 2010 to shipments of more than 900MW, including first quarter shipments of 215-225MW. By the end of 2010, JA Solar expects to achieve solar cell capacity of 1.1GW, module capacity of 300MW and wafer capacity of 120MW.

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Hong Kong

Telecommunications

- **Hutchison Telecommunications International Ltd. may need to restate its full-year 2008 and first-half 2009 results and continues to be in discussions with the U.S. Securities and Exchange Commission regarding the accounting treatment of certain gains it made from the sale of base station towers in Indonesia.** The company would postpone its board meeting for its 2009 results because of continuing discussions with the SEC. It will announce a revised date for the board meeting. The company was slated to release full-year results. HTIL's Indonesian operation recognized a gain of HK\$167 million (US\$21.5 million) on the 248 base station tower sites transferred to PT Profesional Telekomunikasi Indonesia. HTIL had net income of HK\$1.88 billion (US\$242 million), on revenue of HK\$23.7 billion (US\$3.05 billion). The net income figure included a profit of HK\$1.42 billion (US\$182 million) on the sale of 2,248 base stations. HTIL had a net loss of HK\$285 million (US\$36.7 million).

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **LG India is looking to double its market share in the cellphone segment to 10 percent this year and achieve 30 billion rupees (US\$649 million) revenue.** The company is planning to launch 40 handsets from entry level to smart phones to take on the competition from Nokia and Samsung. LG India is targeting the youth in a big way and for this it has for the first time appointed brand ambassadors.

Telecommunications

- **Bharti Airtel Ltd. is having meetings with African assets of Kuwait's Mobile Telecommunications Co., based on an enterprise value of US\$10.7 billion, in the latest bid by India's largest mobile phone operator by subscribers to enter a fast-growing market overseas.** Bharti's offer for Zain's assets comes after its two failed attempts for a possible merger with MTN Group Ltd. over the past couple of years. Bharti has been looking overseas as intense competition and price wars in India are hurting growth. And African nations still hold much potential for expansion. Bharti will talk regarding structure and finance the deal.
- **DiGi.com Bhd will spend at least MYR350 million (US\$103.2 million) to expand its mobile broadband coverage.** Revenue from its mobile broadband is expected to be visible this year and will be significant in 2011. DiGi.com, which is 49 percent owned by Norway's Telenor Group, started rolling out its broadband services last year. It expects to provide broadband Internet services to 50 percent of Malaysia by year-end from 30 percent currently.
- **Bharti Airtel Ltd. added 2.85 million GSM subscribers in January, data from the country's industry body showed.** Vodafone Essar. Idea Cellular added about 2.28 million subscribers in January. Aircel added 2.01 million users during the month. Among the state-run telecom companies, Bharat Sanchar Nigam Ltd. added 2.23 million users in January while Mahanagar Telephone Nigam Ltd. added 45,067 users.
- **Billionaire Sunil Bharti Mittal's US\$9 billion bid to buy mobile-phone assets in Africa may signal the return of India's appetite for overseas assets.** A thawing of the credit markets and rebounding stock markets are encouraging companies to look overseas for growth. Reliance Industries

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Ltd., software exporter Wipro Ltd. and Jindal Steel & Power Ltd. are among Indian companies saying this year they're scouting for acquisitions abroad after the financial crisis created buying opportunities. Bharti Airtel's offer for Zain's African assets alone would be more than double the amount Indian companies paid for overseas assets during 2009.

- **Bharti Airtel Ltd. shall acquire most of the African assets of Mobile Telecommunications for US\$10.7 billion.** The payout will include any loans payable by the operating companies to parent Zain. The estimated net debt of the assets under consideration for the deal is about US\$1.7 billion. Bharti would pay US\$700 million after a year from the closing of the deal, one which is estimated to be the second-largest buyout ever by an Indian company, after Tata Group's US\$13.0 billion acquisition of U.K. steelmaker Corus in October 2006. Bharti Airtel will purchase the assets of Zain.
- **Mahanagar Telephone Nigam Ltd. will spend 13 billion rupees (US\$281 million) in capital expansion for the fiscal year beginning April 1 as the state-run telecommunications company seeks to expand its operations under global system for mobile communications technology.** MTNL has lagged far behind private operators in adding new subscribers for both its wireline and mobile services, mainly due to capacity. More than 81 percent of the company's revenue comes from wireline services, which has seen a decline in customers across the country for the industry as a whole. The company added 92,019 mobile users in Delhi and Mumbai in December. MTNL lost 5,840 subscribers in the same month.

Media, Gaming and Entertainment

- **Sky Network Television Ltd. had first-half profit boosted as it sold more of its interactive MySky receiver to increase revenue per customer.** Net income increased 19 percent to NZ\$50.8 million (US\$36 million) in the six months ended Dec. 31. Profit is improving as New Zealand emerges from a recession which curbed advertising revenue and subscriber growth last year. This enables the company to sell more of its movie and sports channels. The number of MySky subscribers boosted more than 40,000 from June 30 to 144,148 or 19 percent of total customers. Average monthly revenue per user boosted 6.1 percent from a year earlier. Average revenue per MySky user boosted 12 percent. Profit before interest, tax, depreciation and amortization increased 11 percent.

United States/Canada

Mobile/Wireless

- **Samsung Electronics Co. clinched the top spot in the North American mobile handset market on an annual basis for the first time last year since its entry there in 1997.** Handset shipments to the region by Samsung came to a record 48.50 million units in 2009, giving Samsung a 25.7 percent share of the North American market. Samsung beat out Motorola Inc., the No. 1 mobile handset seller in North America in 2008, some 13 years after the South Korean company entered the lucrative market. It also marked the first time that Samsung shipped more than 40 million mobile handsets a year to North America and took more than a 25 percent share of the market. Motorola, the top mobile handset retailer in 2008 with 39.9 million units sold in North America, saw its market share fall 6 percentage points to 16.1 percent last year after selling 30.3 million units, trailing Samsung and LG Electronics Inc., the world's third-largest mobile handset maker, with a market share of 20.9 percent.

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Media, Entertainment and Gaming

- **Carl Icahn offered to buy as many as 13.2 million shares of Lions Gate Entertainment Corp. for US\$6 each, a move that would make him the largest shareholder at almost 30 percent.** The offer by Icahn, who owns 19 percent, also includes a condition seeking to block Vancouver-based Lions Gate, maker of the “Saw” films, from undertaking acquisitions of more than US\$100 million. The offer would move Icahn ahead of Lions Gate board member Mark Rachesky, currently the largest shareholder at 19.7 percent. Icahn may be seeking to prevent the studio from buying Metro-Goldwyn-Mayer Inc. or Walt Disney Co.’s Miramax, which are for sale.

Telecommunications

- **Telus Corp. had a 45 percent drop in fourth-quarter earnings on slightly lower revenue.** The Vancouver phone company, one of Canada's biggest, earned C\$156 million (US\$150.1 million) in the fourth quarter. Telus earned C\$146 million (US\$140.5 million) in the latest quarter. Revenue of C\$2.44 billion (US\$2.3 billion) was in decline slightly. EBITDA for the quarter fell 16 percent, mainly due to higher restructuring costs from ongoing operating efficiency initiatives and higher defined benefit pension-plan expenses. Telus had warned in mid-December that 2009 revenue and EBITDA would fall near the lower end of its previous guidance ranges. Its latest projections were for 2009 revenue of about C\$9.6 billion (US\$9.2 billion).
- **Shaw Communications Inc. will have a minimum 20 percent equity interest and an 80 percent voting interest in a restructured Canwest Global Communications Corp, giving it effective control of the debt-laden company.** The investment was at least C\$65 million (US\$62.5 million). Shaw will get access to Canwest's profitable, specialty-television channels as well as its struggling conventional television business. A separate auction is being held for these assets. The broadcasting assets would also provide Shaw, a cable and satellite-television operator, with content that it could use to support to develop an integrated wireless service. Shaw might use Canwest's Global Television unit to produce additional brand awareness.
- **Qwest Communications International Inc. had a 39 percent slide in fourth-quarter earnings as a result of the continued deterioration of demand in its traditional phone services.** It looks to its burgeoning business services division, as well as its limited fiber-optic network upgrade project, for growth. Qwest had a profit of US\$108 million, or 6 cents a share, declined from US\$177 million a year earlier. Results included severance costs of 2 cents. Revenue dropped 9.7 percent to US\$2.99 billion.
- **Verizon Wireless will include Skype Technologies SA’s calling service on handsets such as the BlackBerry to fend off competition from AT&T Inc.** The service will work on Verizon’s third-generation network, on phones including Motorola Inc.’s Droid and Research in Motion Ltd.’s BlackBerry Storm. Customers need a data plan to use the service. Verizon Wireless, based in Basking Ridge, New Jersey, is relying on 3G data plans for growth as demand slows for voice calls. Teaming with Skype could draw new users, who might boost spending on extra features. Skype started a service for Apple Inc.’s iPhone, offered by AT&T exclusively in the U.S. Skype sees explosive growth potential from the mobile industry. The Verizon agreement sets the stage for similar deals with other carriers, Vanessa Alvarez. AT&T’s iPhone subscribers can use the Skype service only when they are in Wi-Fi hotspots.
- **Rogers Communications Inc. swung to a fourth-quarter profit of C\$310 million (US\$298 million) and had 4 percent improvement in revenue, leading it to boost its annual dividend 10 percent.** The dividend increase fell short of some analysts' expectations, but helps confirm market

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expectations that Rogers is focused on establishing a trend of increasing its dividend. A track record of dividend growth will help lower the stock's risk profile, appeal to a broader base of investors, and provide downside support.

Internet

- **Google's list of competitors just got much longer.** The firm filed its 2009 annual report, which for the first time named social networks like Facebook Inc., e-commerce sites like Amazon.com Inc. and vertical search engines like WebMD LLC as competitors. Google's previous annual report named only software maker Microsoft Corp. and Internet giant Yahoo Inc. as primary competitors, even though it acknowledged competition from unnamed start-ups and established companies that are enhancing or developing search technologies. Google widened list of rivals reflects its growing ambitions and highlights the emergence of social networks on which many users increasingly rely for product or service referrals, rather than seeking information through traditional search engines. Vertical search engines and ecommerce sites are trying to attract users to their Web sites to search for product or service information, and some users will navigate directly to those sites rather than go through Google. The company highlighted travel site Kayak.com, job site Monster.com and ecommerce giant eBay Inc. as competitors.
- **Microsoft Corp. and Yahoo! Inc. plan to start integrating their Internet-search businesses after winning regulatory approvals in Europe and the U.S. for their efforts to challenge Google.** The companies will begin implementing the combination in the coming days. The agreement won't harm competition in the 27-nation European Union. The U.S. Department of Justice also approved the deal. Microsoft and Yahoo struck the 10-year agreement in July to take on Google, which controls about two-thirds of the U.S. search market. Yahoo will use Microsoft's Bing search engine on its sites and sell ads next to the results. Microsoft and Yahoo plan to complete the integration by the end of the year, at least in the U.S. They will move U.S. advertisers and publishers to the new arrangement before the 2010 holiday season.

Software

- **Intuit Inc. had profit that beat analysts' estimates as U.S. taxpayers began filing returns and more small companies bought finance software.** Intuit is also benefiting from an improving U.S. economy as more people start their own businesses, boosting demand for accounting and financial programs, such as QuickBooks and Quicken. Federal unit sales of TurboTax, its main consumer product, boosted 11 percent. The company makes most of its money in the second and third quarters, ahead of the April 15 U.S. tax filing deadline. Net income boosted to US\$114 million. Sales gained 8.3 percent to US\$837 million in the period ended Jan. 31. Intuit bought Mint.com, gaining an Internet-based service that consumers use to manage finances.

Hardware

- **Dell Inc. had earnings decline and gross profit margin missed estimates because of higher component costs and increased sales of less-profitable PCs over the holidays.** Fourth-quarter net income slipped to US\$334 million. Gross margin was 17.4 percent. Holiday sales of cheap consumer PCs weighed on profit as it cut prices to compete with larger rivals Hewlett-Packard Co. and Acer Inc. Higher costs of some components, specifically memory chips, also pressured profitability. Sales this quarter will be lower than in the fourth. Profit margins will be under pressure short term with increased competition from the likes of Acer and, to a lesser degree, Hewlett-Packard.

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Europe

Mobile/ Wireless

- **Nokia Corp. led the mobile-phone industry in profitability in 2009, despite the rising threat from smart phones.** The No. 1 mobile-handset brand achieved an operating margin of 12.3 percent, well above the average 0.7 percent for the top five handset brands. The brand held 37.8 percent of the market in 2009, declined from 38.2 percent in 2008. South Korea's Samsung Electronics Co., second with a 10.5 percent margin and a 19.9 percent market share, was the only top-five maker to boost market share and operating profits, with gains of 3.8 and 1.6 percentage points, respectively. iSuppli expects Samsung will further improve margins in 2010 as it gradually sources more key components from its own semiconductor business.
- **Nokia Siemens Networks will benefit from the accelerating data traffic from smartphones.** The company has attained growth in key markets like North America and Japan. Increasing smartphone data traffic can congest the networks as it can also boost profit. If operators make use of technical solutions, like reducing unnecessary signaling from phones and installing smart fourth-generation base stations, they would profit from the rising traffic.

Telecommunications

- **Alcatel-Lucent has received an outsourcing contract from Bulgarian telecom operator Vivacom.** Alcatel-Lucent will manage end-to-end network operations for Vivacom from March 1. About 3,000 Vivacom employees will join Alcatel-Lucent under their existing terms and conditions of service. Alcatel Chief Executive Ben Verwaayen has repeatedly expects there to be more outsourcing and co-sourcing deals in future as companies seek to pool expertise as they search for new areas of growth and try to save costs.
- **Romtelecom, majority-owned by Greece's Hellenic Telecommunications Organization SA, (OTE), will lay off 600 staff to cut costs and improve efficiency.** The layoffs, targeting staff at its Operations division, will be effective May 1. Employees will receive compensatory payments, double the amount stipulated in their existing collective labor contract. Romtelecom transferred 400 workers to Ericsson Romania, following a five-year partnership agreement between the two companies. Romtelecom operates approximately 3 million phone lines in Romania and employs 9,600 staff.
- **VimpelCom Ltd., which will be created through the merger of Russia's OAO Vimpel Communications and Ukraine's Kyivstar, is set for good growth in emerging markets.** Telenor will finally cooperate with Alfa Group. Telenor and Alfa own more than three-quarters of VimpelCom and jointly own Kyivstar. They need four-fifths of OAO VimpelCom's minority shareholders to swap their shares for stock in the new company. They made an offer to VimpelCom's minority shareholders, which will own around 23 percent of the merged company, asking them to exchange their existing VimpelCom shares for shares in the new enlarged entity. The minority owners have been given 70 days to make a decision. The response has so far been positive.
- **Telefonica SA's O2 Germany unit is aiming to strengthen its position as an integrated telecommunications company in Europe's largest economy, Jens Prautzsch.** Telefonica bought German broadband company Hansenet from Telecom Italia SpA for 900 million euros (US\$1223 million) in November. Telefonica's Hansenet acquisition raised its fixed-line market share in Germany significantly and it is now ranked No. 4, boosted from No. 11.
- **Fastweb SpA had its net profit boosted in 2009 as corporate customers boosted revenue growth.** It also forecast revenue and EBITDA to grow about 5 percent in 2010 and to post positive

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cash flow on annual basis. The operator posted a full-year net profit of 36 million euros (US\$48.9 million). 2009 revenue boosted 8.5 percent. Full-year EBITDA boosted over 6 percent.

- **OA O Comstar United TeleSystems paid 220 million rubles (US\$7.3 million) for an operator with 23,000 subscribers in one of Russia's largest regional cities.** The telecoms holding OA O Svyazinvest owns the copper wire networks, which make it easy to provide cheap Internet access to existing subscribers. Tenzor Telecom controls 170 kilometers of fiber-optic cables in Yaroslavl with 280 kilometers. Comstar aims to compete for these subscribers as demand for Internet access grows across Russia. The operator was majority-owned by conglomerate OA O AFK Sistema until last summer, when the stake was transferred to Sistema's mobile unit OA O Mobile TeleSystems.
- **Telekom Austria AG had its mobile division booked 6.5 percent customer growth in 2009, on a strong mobile broadband business and robust growth in Eastern Europe.** The division's total number of customers at the end of 2009 was 18.9 million, boosted by 1.1 million from 2008. Growth was across the board, most strongly at Telekom Austria's Belarussian subsidiary, Velcom, but also in other Eastern European markets. In Belarus, where Telekom Austria has been hit by severe currency devaluations in the past year, the company grew its customer base 11 percent to 4.1 million. The firm's Serbian and Macedonian greenfield operations also booked solid growth, with its Serbian customer base reaching 1.15 million customers and its Macedonian market share landing at about 16 percent at year-end.
- **Orascom Telecom Holding has received US\$225 million from its largest shareholder as a pre-funding in its rights issue.** Orascom received the money from Weather Capital Special Purpose 1 S.A., or WCSP1, in the form of an interest-free loan. The loan will be converted into new global depository receipts. Its shareholders approved a US\$800 million rights issue to strengthen the company's balance sheet. The rights issue is for Orascom's liquidity including financing needs for the company in case there is no immediate resolution of a tax dispute in Algeria, and for general corporate purposes. Orascom's Algerian subsidiary is contesting a US\$600 million tax bill going back to 2004. Orascom Telecom's shares dropped 3.9 percent.
- **Swisscom AG had a 9.7 percent increase in net profit for 2009 and will increase the dividend but added it sees continued pressure on prices this year.** Net profit boosted to 1.93 billion Swiss francs (US\$1.79 billion), helped by lower depreciation charges and the absence of exceptional items which had burdened the 2008 bottom line. Sales fell to CHF12.0 billion (US\$11.1 billion). The dividend yield of 5.1 percent remains clearly below an average figure of 7.6 percent for European peers. Swisscom shares were in decline 2.4 percent.
- **Alcatel-Lucent SA doesn't expect competitive pressure in the telecom gear industry to increase this year but the group is armed to cope with competition.** The group aims to continue to gain market share in IP, a business that is growing fast. The company decreased the target range for its 2010 adjusted operating margin saying the competitive environment makes margin progression difficult to forecast, and despite an expected recovery of the telecom equipment market this year. A fourth-generation wireless network technology that offers higher traffic speeds than older standards, Alcatel is extremely satisfied with the current momentum. Alcatel is already conducting 40 trials of the new technology with 23 different operators and last week the company, along with L.M. Ericsson Telephone Co., was selected as a key supplier for AT&T Inc.'s LTE network roll-out.

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Semiconductor

- **Infineon Technologies AG hopes to target emerging markets and cut cost on smartphones to maintain its wireless segment accelerating, and has a cooperation agreement with Vodafone Group PLC.** Infineon will close the gap between very low-cost mobile phones used in emerging markets and chipsets for high-end smartphones, in which Infineon already has a strong position. Infineon will launch a new entry-level platform for smartphones, to be used in smartphones priced between US\$100 and US\$150. Chips used in cars and industrial machines are driving growth of the Neubiberg.
- **ip.access aims to obtain profit within the next 12 months as it wishes to pursue a stock market listing.** Femtocells were launched as one of the telecoms industry's most exciting new technologies in 2008, but the economic crisis and technological hurdles put the real take-off on hold last year. The increasing usage of smartphones, which is exploding data traffic on wireless networks, is one of the main drivers of the future success of femtocells. ip.access is privately held, but a number of large companies have small minority stakes in the company. Qualcomm Inc. acquired a strategic stake in the company in 2008. The company hopes to have initial public offering once all businesses are profitable. Some parts of the business, such as second-generation, are already profitable.

South Africa/Middle East/Latin America

Telecommunications

- **Zain shall have revenue climb to 80 percent in 2010. Al Barrak sees Zain Saudi Arabia subscribers to be at 7.5 million in 2010.** Subscriber and revenue growth is natural and his expectations are conservative. Zain is also planning the conversion of a US\$577 million loan to shares before the end of the year to increase its capital. Calyon, Samba and Al Rajhi are advising on the deal.
- **Embratel Participacoes SA net profit increased 181 percent to 327 million Brazilian reais (US\$176.7 million) which will helped cut costs on the companies larger dollar-denominated debts.** The company has 80 percent of the company's total debt obligations. Embratel's net revenue was at 7.2 percent year-on-year in the fourth quarter because of an overall rise in the company's local fixed-line telephone service and its new direct-to-home satellite service, which did not exist in the same period last year. Ebitda boosted 20.8 percent. Ebitda margin boosted slightly in the fourth quarter, to 27.5 percent and 24.4 percent in the fourth quarter of 2008. Embratel also had year-ending figures and showed Ebitda rising by 14.2 percent over 2008, with a margin of 26.5 percent.
- **Etisalat aims to acquire and obtain licenses in six markets in the Middle East and North Africa region.** Etisalat has bid for a license in Libya and is mulling options in Iraq. Syria shall issue a new mobile license while Lebanon will privatize its two mobile operations. Gulf telecom operators flush with petrodollar are hunting for acquisitions and new licenses to nurture new sources of income as competition stiffens from local operators and penetration levels exceed 100 percent.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 2/19/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	91.5400	1.7%	0.9%	-1.5%	-0.7%
Hong Kong dollar	HK\$/ US\$	7.7657	-0.05%	0.03%	0.2%	0.2%
Chinese renmenbi	RMB/ US\$	6.8290	-0.1%	0.04%	0.05%	0.1%
Singapore dollar	S\$/ US\$	1.4117	0.1%	1.6%	0.5%	-3.4%
South Korean won	KRW/ US\$	1,152.2000	0.1%	2.5%	-1.0%	-12.5%
New Taiwan dollar	NT\$/ US\$	32.0400	-0.2%	0.9%	0.3%	-2.2%
Australian dollar	US\$/A\$	0.8994	1.4%	-2.9%	0.2%	26.6%
New Zealand dollar	US\$/NZ\$	0.6992	0.4%	-5.4%	-3.5%	19.5%
Philippine peso	PHP/ US\$	46.0900	-0.5%	0.7%	-0.8%	-2.4%
Euro	US\$/€	1.3607	-0.1%	-5.4%	-5.0%	-1.9%
British pound	US\$/£	1.5476	-1.4%	-5.2%	-4.2%	6.6%

Fixed Income Prices and Yields

Note	Currency	Current (on 2/19/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.72	4.76%	99.49	4.66%	96.44	4.60%
Japan 30-year	¥	97.35	2.34%	97.76	2.33%	98.45	2.29%
Hong Kong 10-year	HK\$	91.90	3.15%	92.35	3.02%	93.43	2.86%
China (06/16)	US\$	108.87	3.11%	108.87	3.13%	108.51	5.23%
Singapore 10-year	S\$	98.55	2.70%	98.90	2.63%	99.89	2.51%
South Korea 20-year	KRW	10,182.21	5.52%	10,173.24	5.44%	9,987.49	5.56%
Australia 15-year	A\$	100.66	5.67%	101.08	5.62%	101.90	5.52%
New Zealand (12/17)	NZ\$	100.84	5.98%	100.97	5.86%	100.07	5.98%
Philippines 20-year	PHP	102.01	9.48%	102.15	9.25%	103.07	9.15%
India 30-year	INR	82.55	8.63%	81.39	8.58%	81.66	8.55%
UK 30-year	£	93.03	4.74%	94.99	4.56%	97.70	4.39%
Germany 30-year	€	112.60	4.01%	114.64	3.92%	104.14	4.01%

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