



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

***Week of 19<sup>th</sup> April 2010 - 25<sup>th</sup> April 2010***

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



Week of 19<sup>th</sup> April 2010 - 25<sup>th</sup> April 2010

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Equity Market Indicators					
Index	Closing Level (04/23/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,217.28	2.11%	4.35%	9.19%	35%
Dow Jones Industrial Avg.	11,204.28	1.68%	3.26%	7.42%	28%
Dow Jones Tech. Index	431.98	1.01%	4.39%	7.25%	72%
Dow Jones Telecom. Index	211.93	-1.11%	0.55%	-3.41%	6%
NASDAQ Composite	2,530.15	1.97%	5.64%	11.48%	60%
Japan Nikkei 225	10,914.96	-1.69%	-0.74%	3.51%	23%
JASDAQ	55.71	1.92%	5.09%	15.25%	16%
Japan Mothers	497.13	0.44%	13.01%	19.40%	54%
Korea KOSPI Composite	1,737.03	0.15%	2.32%	3.18%	55%
Korea Kosdaq	516.51	1.59%	-1.55%	0.53%	56%
Taiwan Stock Exchange	8004.89	-0.08%	1.63%	-2.27%	74%
Singapore Straight Times	2988.49	-0.62%	2.83%	-0.09%	70%
Hong Kong Hang Seng	21,244.49	-2.84%	0.91%	-2.91%	48%
Hong Kong GEM	879.46	0.42%	8.97%	29.96%	128%
China Shanghai (A-Share)	3,127.49	-4.71%	-2.52%	-9.03%	64%
China Shenzhen (A-Share)	1,264.77	-2.03%	1.57%	0.30%	118%
China Shanghai (B-Share)	261.82	-0.75%	2.90%	3.70%	136%
China Shenzhen (B-Share)	618.56	-3.71%	-0.72%	-1.17%	128%

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## Weekly Highlights

### International

#### *Mobile/ Wireless*

- **ABI Research, a leading analytics firm monitoring global connectivity trends revealed that companies in the United Kingdom, France and India offered the lowest prices in the world for mobiles broadband plans.** An unlimited download, 3G mobile broadband plan in India costs about US\$17 per month. The research firm also expects mobile broadband prices in other emerging economies to go down further to increase penetration and usage, while increasing network congestion in developed countries might see prices going up in a bid to throttle data consumption.
- **Juniper Research estimates that almost 50% of all mobile phone users in the world will make mobile payments by 2014.** The use of mobile phones for purposes other than conventional telephony services has increased due to the launch of new smart phone apps and mobile internet technologies. Juniper also said that these users will not be limited to the developing economies, but will be spread across the world, particularly in India and China.

### Japan

#### *Mobile/ Wireless*

- **Okinawa Cellular Telephone Company, a company engaged in the electronic communications business, announced full year results for twelve months ended March 2010.** The company reported revenues of 45.46 billion yen (US\$483 million) and net income of 5.89 billion yen (US\$62.6 million). The figures reflect a 1.4% and 1.7% increase respectively over the previous year.

#### *Telecommunications*

- **KDDI Corp., a leading telecom company announced financial results for twelve months ending March 2010.** Revenues declined by 1.6% to 3.44 trillion yen (US\$36.58 billion), while net income dropped by 4.5% to 212.76 billion yen (US\$2.25 billion).

#### *Software*

- **TDI Co. Ltd., a data processing software developer, announced full year results for twelve months ending March 2010.** The company's revenues fell by 29.7% to 11.67 billion yen (US\$124 million), while net income fell by 44.3% to 269 million yen (US\$2.86 million).

#### *Hardware*

- **Sharp, Panasonic, Fujitsu and NEC, leading Japanese Electronics companies, have decided to standardize their core software platform for next generation cell phones.** The move is expected to cut development cost by 50% and increase competitiveness. The unified software will make its debut in NTT DoCoMo's next generation handset due to be launched in the next financial year.

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- **Hitachi Ltd., a storage equipment manufacturer, which competes with Seagate Technologies and Western Digital Corp. in the hard disk drive market, announced 42% year-on-year growth in revenues of US\$1.46 billion for the first three months of the current year.** The company also reported operating profit of US\$217 million for the quarter compared to an operating loss of US\$57 million for the same period last year. The company said that it will continue to post very favorable results for the rest of the year.

## *Semiconductor*

- **New Japan Radio, a manufacturer of semiconductors and microwave related equipment, announced full year results for 12 months ending March 2010.** The company reported a 12% decline in revenues to 40.29 billion yen (US\$36.58 million) and a net loss of 10 billion yen (US\$106.4 million), compared to a net loss of 2.78 billion yen (US\$29.6 million) in the previous year.
- **Shinko Electric Industries Co. Ltd., a major manufacturer of semiconductor packages and leadframes, announced full year results for fiscal year 2010.** The company's consolidated sales stood at 129.8 billion yen (US\$1.38 billion), while net income stood at 3.1 billion yen (US\$32 million). The figures reflect a fall of 0.76% and an increase of 82.3% respectively.
- **Semiconductor manufacturer Elpida Memory Inc. announced financial results for fiscal year ending March 2010.** The company's revenues grew by 35% to 466 billion yen (US\$4.96 billion), while net income stood at 2 billion yen (US\$21 million).

## **Korea**

### *Hardware*

- **Ericsson announced the acquisition of Nortel's stake in a Korean joint venture with LG electronics.** The company will pay US\$242 million for the purchase, which is expected to give the company access to the Korean telecom equipment market. The joint venture was set up in 2005 between Nortel and LG Electronics to supply equipment to companies like KT Corp, LG Telecom and SK Telecom and generated revenues of US\$650 million in 2009. Nortel filed for bankruptcy in January.
- **LG Display beat analyst forecasts to report better than expected financial results for three months ending March 2010.** The company's revenues stood at 5.88 trillion won (US\$5.3 billion), while net profit was reported to be 649 billion won (US\$585 million). The company expects LCD panel prices to hold up in the current quarter and will see increases LCD shipments in the next quarter. The company increased its capital expenditure plans by 1.5 trillion won (US\$1.35 billion) to 5.5 trillion won (US\$4.95 billion). LG Display is the second largest television manufacturer in the world.

### *Semiconductor*

- **Hynix Semiconductor Corp., a leading semiconductor manufacturer, announced revenues of 2.8 trillion won (US\$2.52 billion) and operating profit of 800 billion won (US\$721.5 million) for the first quarter ending March 2010.** The company's best results in over 3 years reflect a 100% increase in revenues. The company had registered an operating loss in the corresponding period in the previous year. Global chip makers are enjoying a revival due to increased consumer demand for products like automobiles and mobile handsets which contain semiconductor chips.

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## China

### *Mobile/ Wireless*

- **Lenovo Group announced plans to launch its new range of smartphones and predicted that revenues from sale of smartphones and other mobile and wireless devices would contribute about 20% to its overall revenues in five years.** The company, which had sold its mobile phone business previously, bought it back last year as part of its new strategy. Lenovo is the fourth largest PC maker in the world and is focusing on new technologies and devices that take advantage of the trend of telecom convergence currently. The company released a touch-screen smartphone running on Google's Android last year and plans to unveil a range of mobile internet devices, including low-cost notebooks and PCs. In related company information, Lenovo has reportedly emerged as a potential buyer for beleaguered U.S smartphone maker Palm Inc.
- **China Mobile announced results for three months ended March 2010.** The company's operating revenues stood at 109 billion yuan (US\$16.0 billion), an increase of about 8.5% over the same period last year, while net income was 25 billion Yuan (US\$1.3 billion), a marginal increase over the previous year. Saturation in the 2G market in China and heavy subsidies on handsets affected the company's profitability. Mobile companies in China are betting on 3G to boost growth in the future.

### *Telecommunications*

- **The Chinese Ministry of Information and Industry Technology reported that Chinese mobile companies spent about US\$880 million on 3G network infrastructures for the first quarter of 2010.** The companies, which spent about US\$21 billion on the same last year, added 4.8 million 3G subscribers in the first three months of the years. China Mobile, China Telecom and China Unicom control 42%, 30.8% and 26.7% of this market respectively.
- **Nokia Siemens Networks announced new deals in China worth 750 million euros (US\$ 1 billion).** The company signed agreements with China Mobile and China Unicom to supply GSM and TD-SCDMA network equipment and IP multimedia subsystem solution. The company will also provide its proprietary direct tunnel packet core technology to the telcos.

### *Media, Entertainment and Gaming*

- **Leading game developer and publisher The9 announced financial results for 2009.** The company recorded net loss of 410 million yuan (US\$60 million) while revenue went down by 55.6% from 2008 figures to 802.63 million yuan (US\$117.4 million). The company had recorded net profit of 96.2 million yuan (US\$14.1 million) in 2008. The company attributed the slump in revenue to the loss of the operating license for 'World of Warcraft', a 3D MMORPG.
- **Tencent which operates the largest online game community in China, announced the acquisition of the remaining 40% stake in Shenzhen Domain Networks (SDN) that is already does not own.** Tencent is expected to pay 162.5 million yuan (US\$23.8 million) for the acquisition. The company had first purchased a 19.9% stake in SDN in 2005 and later increased its holding to 60%. SDN is an online gaming company which developed 2D MMORPG best selling title, 'QQ Huaxia'.
- **Software and gaming company Kingsoft announced plans to enter the Europe and U.S markets with its new 3D martial arts game titles.** The company expects revenues from its overseas business to contribute to at least 20% of total revenues in the next two years from the current level of 14%. The company is also considering the establishment of a subsidiary company in Taiwan, to take

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advantage of the country's strength in game development and operations. The company already operates a fully owned subsidiary in Malaysia. Kingsoft generated revenues of 1.0 billion yuan (US\$ 150 million) in 2009.

- **Online game company Perfect World announced plans to invest 100 million yuan (US\$14.6 million) in Zongheng.com in 2010.** Zongheng is Perfect World's online literature portal. The investment will be directed towards creation of upstream content for the portal.

## *Alternative Energy*

- **Solar module producer Canadian Solar Inc. lowered its forecasts for gross margins for the first quarter of 2010.** The company expects to incur a foreign exchange loss of US\$20 million, which might lower its gross margins from about 15%-16% to about 13%. The company also announced that the lower gross margin figure might extend into the second quarter also.

## **Taiwan**

### *Hardware*

- **Largan Precision, an optical lens kit manufacturer for the digital camera industry, announced robust first quarter results for three months ending March 2010.** The company's consolidated revenues stood at NT\$2.23 billion (US\$71 million) with net income of NT\$735 million (US\$23.5 million).

### *Semiconductor*

- **Epistar, a leading LED chipmaker in Taiwan, announced the acquisition of a 40.75% equity stake in Nan Ya Photonics, a specialist in high brightness LED wafers and chips.** Epistar's investment of NT\$839.5 million (US\$26.8 million) values the company at approximately US\$66.5 million.

### *Alternative Energy*

- **E-Ton Solar Tech, a leading solar cell manufacturer in Taiwan, announced financial results for the first quarter of 2010.** The company reported net loss of NT\$47 million (US\$1.5 million) for the quarter and attributed the losses to non operating charges, lower yield rates and unfavorable customer mix.
- **Apollo Solar Technology, a provider of electronics equipment for residential, commercial and remote telecom photovoltaic markets, announced a total loss of HK\$122.1 million (US\$15.7 million) on revenues of HK\$714.4 million (US\$92.4 million).** This compares to a loss of HK\$55.7 million (US\$7.17 million) on revenues of HK\$511.8 million (US\$66 million) in 2008. The full year loss in 2009 was driven by the company's disposal of 49% of its toy business during the year. Apollo solar came into existence after RBI Holdings acquired Apollo Precision Ltd and its subsidiaries for HK\$4.28 billion (US\$540 million) and renamed the group. Apollo also announced that, it has signed a letter of intent to enter into a joint venture with the municipal government in Anhui province. The company will control 51% of the partnership in a project that will build a solar energy community in the province at a cost of about US\$8.5billion to US\$14 billion.



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## Hong Kong

### *Internet*

- **City Telecom Ltd., an integrated telecom services provider in Hong Kong, was presented with the 'Best Broadband Carrier' award for 2010.** The award was given by Telecom Asia. City Telecom owns and operates a fiber network in Hong Kong and offers broadband internet services through its subsidiary Hong Kong Broadband Network Ltd. Previous winners of the award include companies like Japan's NTT Communications, Hong Kong's PCCW, Singapore's StarHub and Australia's Telstra.

## Southeast Asia/India/Australia

### *Mobile/ Wireless*

- **Unitech Ltd., India's second largest real-estate firm by market capitalization that also owns a 33% stake in mobile company Unitech Wireless, announced that it is spinning off its investment in the telecom business into a separate company to unlock value for its shareholders.** The new firm Unitech Infra Ltd. will now house the telecom business along with the group's interests in real estate, construction, entertainment, management of amusement parks etc. Unitech currently holds 33% stake in Unitech Wireless, a telecom joint venture with Norway's Telenor.
- **Indian state-owned telecoms giant BSNL received permission from the government to purchase required equipment for about 9 million mobile telephone lines.** The company had previously shortlisted Ericsson and Huawei for supplying equipment for 93 million mobile phone lines in 2008, supposedly the largest telecom contract in the world at the time, but the project has been stuck ever since. In related news, the company also announced that its employees had ended a strike to protest against the proposed divestment of the company after the government assured them of a decision based on a consensus solution.
- **The Indian government now expects to raise US\$10.1 billion from the ongoing auction of 3G mobile spectrums in the country, a 25% increase over its initial estimation of US\$8 billion.** Seventy rounds of bidding had been completed by the end of the week and bids had increased by about 120% over the stated base price.
- **Reliance Communications, India's second largest mobile operator, is reported to be on the verge of finalizing a partnership agreement with GetJar to open its own mobile applications store.** GetJar is the world's largest cross-platform application store and its partnership with Reliance would allow the latter to offer more than 60,000 mobile applications to its customers. Market leader Bharti Airtel has already launched its mobile apps store earlier this year and has registered 5 million downloads in three months. Vodafone, which launched its own mobile apps store soon after Bharti Airtel, has registered half a million downloads. Indian mobile subscribers seem to have a higher preference for entertainment-based applications than utility-based applications.
- **Banglalink, Bangladesh's second largest mobile operator, announced the launch of a new mobile remittance service for its customers.** The company will cut down average time taken to remit money to the country from the current 4-5 days to 1 day. Through this service, Bangalink's customers can visit any of the company's outlets in the country and receive their remittances. The company has tied up with three leading local banks to enable the service. Remittances are an important driver of the economy for the South Asian country with its 3.5 million overseas workers



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remitting US\$10 billion annually. More than 90% of the country's population who currently do not have access to banking services, can take advantage of the service.

- **Bakrie Telecom's proposed US\$250 million debt issue received a credit rating of B from Fitch Ratings.**

## *Telecommunications*

- **Axiata Group Bhd., one of the largest telecommunications companies in South East Asia, announced the closure of the book building process for its proposed US\$300 million bond issue.** The notes due to mature in 2020 will be issued by Axiata SPV1 Ltd., a wholly owned subsidiary of Axiata group and will be guaranteed by the parent company.
- **PT Indosat, Indonesia's second largest telecommunications company announced first quarter results for 3 months ending March 2010.** The company announced net profit of 4.73 trillion rupiah (US\$524 million) and net profit of 285.9 billion rupiah (US\$31.72 million). The figures reflect an increase of 2.5% and 139% respectively. The company's subscribers rose 17% to 39.1 million. Indosat has a market capitalization of US\$3.68 billion. The firm is currently battling for the second position in the Indonesian telecom market with PT Excel Axiata.

## *Media, Entertainment and Gaming*

- **A study conducted by Media Partners Asia estimates that India will overtake the U.S in 2010 to become the largest Direct-to-Home (DTH) market in the world.** The number of DTH subscribers in India was 17 million last year and is expected to grow to 45 million by 2014 with revenues of US\$12 billion and 58 million by 2020 with revenues of US\$19 billion.
- **The South Africa New Zealand and Australia Rugby (SANZAR) Union announced a partnership with Super Sport, Fox Sports and Sky Television to broadcast the tri-nation series and Super Rugby competition between 2011 and 2015.** The deal is worth US\$437 million and represents a 35% increase over the previous 5 year deal SANZAR signed with News Corp. Fox Sports is controlled by Telstra Corp in partnership with News Corp and Consolidated Media Holdings, while Sky Television is 44% owned by News Corp. Super Sport is majority owned by Naspers, the largest media group in Africa.

## **United States/Canada**

### *Mobile/ Wireless*

- **Electronics retailer RadioShack Corp. announced the phasing out of Palm's Pre and Pixi models from all its stores.** They will be replaced by two new smartphone models from Sprint telecom. RadioShack's move is part of the company's initiative to keep all its product offerings as current as possible. The news is another setback to Palm, which is said to be exploring options to get acquired, after the company's software head quit earlier in the week.
- **Apple's new 3G iPad will be available to customer in U.S stores on April 30<sup>th</sup>.** The high-speed version of its regular Wi-Fi iPad is expected to cost an additional US\$130 over the regular version. The company is also expected to confirm release date and pricing of the international launch of the device.
- **Wireless service provider Digi International Inc. reported second quarter results for three months ending March 2010.** The company reported revenues of US\$45.1 million, an increase of 12.5% and net income of US\$1.7 million, an increase of 142% over the same period in the previous

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year. The company recorded revenue growth in North America, while revenues from all other geographical regions decreased marginally.

- **Verizon Wireless, one of the leading mobile carriers in the U.S, announced first quarter results for three months ending March 2010.** The company's revenues rose by 1.2 percent year on year to US\$26.9 billion while net earnings fell by 75% to US\$400 million, the fall in earnings was mainly due to a number of one times charges the company incurred related to healthcare software, pensions settlements and merger integration costs. Verizon also said that the growth in the company's wireless, broadband and television businesses was the highlight for the quarter. The company had a total subscriber base of 92.8 million at the end of March, an increase of 1.5 million customers over the previous quarter and an increase of 7.2% over the same period last year. Verizon Wireless, a joint venture between Vodafone and Verizon telecommunications, said that its planned capital expenditure for the current year is between US\$16.8 billion and US\$17.2 billion.
- **Target Corp., a large retailer of electronic goods in the U.S will distribute Amazon's Kindle, the first original tablet PC in its stores effective immediately.** The device will be available in Target for US\$259, the price at which it sells on Amazon's portal. Some analysts believe that the Kindle will continue to be the e-reader of choice and hold on its market share based on its superior e-ink technology and larger selection of books.

## *Telecommunications*

- **Equinix Inc., a global provider of data center services reported first quarter results for three months ending 2010.** The company's revenues rose by 25% to US\$248.6 million, while net income stood at US\$14 million. The company's revenues also represent a 3% sequential increase over the previous quarter. The company also gave a healthy forecast for 2010 and expects revenues to be in the range of US\$1.06 billion, while capital expenditure for the year is expected to be about US\$500 million.
- **AT&T Inc. reported first quarter results for three months ending March 2010.** The company's net profit fell 20% to US\$2.5 billion primarily due to a US\$1 billion non-cash charge arising out of U.S healthcare reforms. Revenues rose by 0.3% to US\$30.6 billion. Growth was primarily driven by sales of the iPhone, with the company activating almost 2.7 million handsets in the quarter. AT&T is currently the exclusive distributor of the iPhone although Apple may soon announce partnerships with other carriers. The company's total wireless subscriber base at the end of the quarter stood at 87 million. The company's revenues from wireless data services increased by 30% over the same period last year reflecting the exploding use of devices like smartphones and tablet PCs.
- **Century Tel, the third largest fixed line company in the U.S, announced the acquisition of Qwest Communications International Inc for US\$10.6 billion in an all stock deal.** The transaction value represents a 15% premium to Qwest's current market price. Qwest Communications is the fourth largest fixed line service provider in the country. Dwindling market share and revenues in the fixed line business has forced market players to consolidate to be able to compete even as more consumers in the U.S switch to wireless. As part of the deal, Qwest's shareholders will get 0.1664 shares of Century Tel for each share of Qwest.

## *Media, Entertainment and Gaming*

- **The Canadian Radio and Telecommunications ministry (CRTC) released financial summaries for the pay, pay-per-view, specialty television and video on demand industries in the country for 12 months ending August 2009.** The industries experiences a decline in advertising

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revenue for the period although an increase in subscriber revenues partially off-set the fall. Total revenues for the industries stood at C\$3.1 billion, an increase of 6% over the previous year while operating margin increased by 2%. Specialty television sector accounted for the highest share of the revenues while the other sectors increased their share of the pie. The ministry is expected to release similar summary for the radio and broadcasting industry shortly.

## *Internet*

- **Google Inc. is reportedly engaged in negotiations with ITA Software, the provider of information technology services to the airline industry.** ITA could be useful to Google in competing with travel search features currently offered by Microsoft. The deal could be worth about US\$1 billion.
- **Yahoo Inc. announced net income of US\$312.3 million on revenues of US\$1.6 billion for the first quarter ending March 2010.** The figures represent an increase of 164% and 1% respectively. The increase in net income was due to a US\$43 million one-time transition cost payment from Microsoft and proceeds from the sale of Yahoo's corporate email business Zimbra. The company's revenue from internet display ads increased by 20%, while the search business went down further with the company controlling only about 17% of the U.S search market by the end of March.
- **Amazon.com Inc. reported first quarter results for three months ending March 2010. Revenues increased by 46% year-on-year to US\$7.13 billion, while net income increased by 68% to US\$300 million.** Kindle continues to remain the company's best selling product and international sales contributed roughly 50% to total revenues. The company estimates revenues for the next quarter to be between US\$6.1 billion and US\$6.7 billion.
- **EBay Inc's revenues for the first quarter of 2010 grew by 9% year-on-year to US\$2.2 billion, while net income grew by 11.5% to US\$398 million.** The company is in the midst of a three year restructuring process to revive its market places unit.

## *Information Technology*

- **Acacia Research Corp. announced first quarter results for three months ending March 2010.** The company reported revenues of US\$39.7 million, an increase of more than 130% and net income of US\$18.5 million. The company had recorded net loss of US\$268,000 for the same period in the previous year. Acacia partners with inventors and patent owners to market and distribute their IP through revenue sharing agreements. The company focuses mainly on the technology industry.
- **Media Temple Inc., a provider of web hosting and virtualization services announced that it has secured US\$15 million in expansion capital.** Triangle Capital Corporation led the investment in which GMB Mezzanine Capital also participated. The company will also use the proceeds of the investment to implement the new product roadmap.
- **Salesforce.com announced the acquisition of Jigsaw, which offers cloud-based data services for US\$142 million.** Salesforce.com is a leading CRM solutions provider in the world. The acquisition will not impact first revenues of Salesforce.
- **Rheonix Inc., a company focused on developing systems for the life sciences industry, announced closure of US\$12.6 million in Series A financing.** The company will use the proceeds of the investment to continue the development of its proprietary Rheonix CARD, which is a powerful analytic platform that integrates multiple analysis functions in the life sciences industry.

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- **Sybase Inc.**, a leader in developing innovative database technology, announced a 10% increase in first quarter revenues to US\$294 million and net income of US\$40 million, an increase of 42% over the same period last year.
- **EMC Corp.** reported financial results for the first quarter of 2010. Revenues grew by 23% year-on-year to US\$3.9 billion, while net income grew 92% year-on-year to US\$372 million. The company expects total revenues for the full year to be US\$16.5 billion.

## *Software*

- **Microsoft Corp.** reported an 8% increase in revenues at US\$14.8 billion and a 35% increase in net income at US\$4.01 billion for third quarter ending March 2010. Revenues from operating systems sales went up by 28% with 10% of all PCs worldwide running on windows 7 today. The company anticipates cloud computing services to be the high growth area in the future.
- **NexJ**, a provider of enterprise solutions for the finance, insurance and healthcare industries, successfully raised US\$22.5 million in private financing. The company has grown at a CAGR of 500% over the last 3 years.
- **Imagine Communications**, a company focused on developing digital video solutions that deliver bandwidth-intensive video content at high quality and speed announced the closure of US\$10 million in expansion financing. The current round of financing, led by existing investors Court Square Ventures, Columbia Capital and Carmel Ventures, brings the total venture capital invested in the company to US\$34 million.
- **Ulticom Inc.**, a provider of signaling software for the telecommunications industry, announced financial results for the fourth quarter of fiscal year 2009 ending January 2010. The company recorded 5% revenue growth at US\$11.6 million and net loss of US\$0.9 million for the quarter. For the full year, revenues stood at US\$45.8 million, a fall of 14% over the previous year, while net loss was US\$4.5 million.
- **Oplink Communications Inc.**, a provider of optical manufacturing solutions for networking components and subsystems, announced third quarter results for three months ending March 2010. The company reported revenues of US\$33.6 million, an increase of about 3% and net income of US\$2.6 million, a fall of 16%.
- **PMC-Sierra Inc** reported revenues of US\$152.8 million and net income of US\$27 million for the first quarter of 2010 ending in March. The revenue figures reflect an increase of 49% over the same period last year. PMC-Sierra had recorded net loss of US\$4 million in the first quarter of 2009. The company is engaged in the business of providing solutions for the Internet infrastructure and semiconductor industries.
- **Interphase Corp.** reported revenues of US\$3.8 million and net loss of US\$2.4 million for the first quarter of 2010. The company develops software solutions for 4G telecommunication networks and targets the telecom, aerospace and defense industry sectors. The company had announced revenues of US\$8.4 million and net income of US\$700,000 for the first quarter of the previous year.
- **Riverbed Technology**, a software company that helps its customers optimize performance of information technology infrastructure announced first quarter revenue and net income growth of 27% and 61% respectively over the corresponding period in the previous year. The company reported revenues of US\$112.5 million and net income of US\$14.8 million for the three months ending March, 2010. The company has now recorded year on year growth for 24 consecutive quarters.

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- **PCTel Inc.**, a provider of wireless network optimization solutions, announced first quarter results for three months ending March 2010. The company reported a 10% year on year increase in revenues at US\$15.6 million and net loss of US\$800,000. The company had announced a net loss of US\$1.9 million for the same period in the previous year.
- **Mitel Networks Corp.**, a global provider of communication solutions, announced the pricing of its proposed Initial Public Offer. The company plans to issue 10.53 million shares at a price point of US\$14 per share.
- **Synaptics**, a software developer for the mobile computing, communications and entertainment industries, announced third quarter results for three months ending March 2010. The company's revenues rose by 16% to US\$116.2 million, while net income stood at US\$11.6 million, an increase of 115% over the same period last year.
- **Pixelworks Inc.**, a provider of video and pixel processing technology announced first quarter revenues of US\$18.7 million, a 73% year-on-year increase and net earnings of US\$4.6 million, a 22% year-on-year decline.
- **IBM Corp.** announced financial results for three months ending March 2010. The company reported 5% year-on-year increase in revenues to US\$22.9 billion and 13% year-on-year increase in net income to US\$0.6 billion. Software revenues grew by 11%, where as systems & technology and services revenues grew by 5% and 4% respectively.
- **Black Arrow**, a leading provider of advertising solutions for new television platforms, closed US\$20 million in Series C financing from NDS Group, a provider of technology solutions for digital pay television. Existing investors Cisco Systems, Comcast Interactive Capital, Intel Capital, Mayfield and Polaris also participated in the current funding round. The capital infusion will allow BalckArrow to expand product development initiatives in the company.

## *Hardware*

- **Telecom equipment manufacturer Infinera Corp.**, announced first quarter results for three months ending March 2010. The company's total revenues stood at US\$95.8 million, while net loss was US\$20 million. Revenues rose by over 44% compared to the same period last year, while net loss reduced from US\$24.3 million. U.S and European telecom equipment manufacturers are facing margin pressure from low-cost Chinese companies like Huawei and ZTE, while their order books have also dried up as customers lowered capital expenditure during the recession.
- **Apple Inc.** announced financial results for the quarter ending March 2010. The company reported net income of US\$3.07 billion, an year on year increase of 90% and revenues of US\$13.5 billion, an year on year increase of 50%. The growth was driven by record sales of the iPhone across the world. International markets accounted for 58% of the revenues with growth rates of 63% and 51% in Europe and Japan respectively. Sales of the iPod were also better than expected with the company selling about 10.9 million units in the quarter. The company's results beat all analyst expectations.

## *Semiconductor*

- **Freescale Semiconductor Holdings**, a leading manufacturer of micro-controllers, micro processors and semiconductors, announced first quarter results for 2010. The company reported revenues of US\$1.02 billion compared to US\$840 million in the corresponding period of the previous year and net loss of US\$61 million compared to net loss of US\$350 million year on year. The company



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had previously issued debt of US\$2.1 billion in senior secured notes to clear debt obligations that had matured.

- **Cymer Inc., a leading supplier of technology to semiconductor manufacturer announced first quarter results for three months ending March 2010.** The company reported revenues of US\$113.7 million and net income of US\$16 million. The figures compare favorably with 2009 first quarter revenues of US\$56.5 million and net loss of US\$11.5 million.
- **Lattice Semiconductor announced financial results for the first quarter ending April 3<sup>rd</sup>, 2010.** Revenues for the company stood at US\$70.4 million, an increase of 55% sequentially and 52% year-on-year, while net income stood at US\$11.1 million, a sequential increase of 98%.
- **Zenverge Inc. announced the closure of US\$30 million in Series C equity financing.** The current round of financing was led by Battery Ventures which was joined by existing investors DCM, Norwest Venture Partners and Motorola Ventures. Zenverge is a fables semiconductor company focused on enabling consumer access to next generation digital content and services.
- **Cypress Semiconductor announced a 45.2% year-on-year increase in first quarter revenues at US\$202.3 million and net income of US\$12.7 million compared to a net loss of the same period in the previous year.**
- **Sandisk Corp. reported a 65% year-on-year increase in first quarter revenues at US\$1.1 billion, while net earnings swung to US\$235 million compared to a net loss of US\$208 million for the same period in the previous year.** This was the first time that the company's revenues topped US\$1 billion, riding on high demand from PC and handset manufacturers.
- **Qualcomm, the world's largest maker of cell phone chips, announced financial results for three months ending March 2010.** The company reported revenues of US\$2.66 billion and earnings of US\$774 million. The revenue figures reflect an increase of 8% over the corresponding quarter in the previous year.
- **Seagate, the global leader in storage equipment and solutions, announced third quarter results for fiscal year 2010.** The company reported revenues of US\$3.05 billion and net income of US\$518 million.
- **Synerchip Co. Ltd. announced the closure of US\$10.5 million equity investment in Series C venture capital financing.** The company is a driving force behind digital interactive interfaces for video and audio.
- **Fusion-IO, a leading provider of flash-based enterprise solid state technology solutions, raised US\$45 million in Series C preferred equity funding.** The current round of financing was led by Meritech Capital Partners. The company will use the proceeds to scale up infrastructure to support rapidly increasing sales.

## *Alternative Energy*

- **Evergreen Solar Inc., a manufacturer and distributor of solar power products using its proprietary, low-cost wafer technology, announced plans to raise US\$165 million in debt financing.** The offering will be structured as senior secured convertible notes and will be sold to qualified institutional investors. The company plans to use the proceeds to fulfill immediate debt obligations and to fund further expansion of its manufacturing facility in China.

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- **NeoPhotonics Corp.**, a leading developer and manufacturer of photonic components, modules and subsystems for the telecom sector, announced that it has filed for an IPO. The company plans to raise US\$115 million through a listing on the New York Stock Exchange. NeoPhotonics is backed by leading venture capital firms and institutional investors and has manufacturing facilities in the U.S and in China.

## Europe

### *Mobile/ Wireless*

- **Millicom**, the Swedish telecom company that offers mobile telephony services in emerging markets, announced first quarter results for three months ending March 2010. The company recorded revenues of US\$905 million and EBITDA of US\$424 million. The figures reflect growth of 16% and 1.6% respectively. Net income per share increased by about 11% to US\$1.43 which, however, includes a one- time gain from discontinued operations. Growth was primarily driven by demand for mobile internet services, with broadband operations registering a 93% growth. Latin America continues to be the largest market for the company. The company announced a special dividend of US\$500 million and a share buy-back program worth US\$300 million last week.
- **Vimpelcom**, Russia's mobile operator secured approval from 98% of the company's shareholders to merge with Ukraine's Kyivstar. Norway's Telenor and Russia's Alpha group had agreed last year to merge their holdings in Vimpelcom and Kyivstar into a new company called Vimpelcom Ltd. However, the process was delayed because of a lawsuit filed by Farimex, a minority investor in Vimpelcom, against the merger.
- **MTS**, Russia's leading mobile services company announced a new partnership agreement with **Nokia Siemens Networks (NSN)**. MTS will outsource the operations of a significant part of its telecom's networks to NSN as part of the deal. MTS' move is indicative of a global trend where mobile companies are outsourcing network operations in a bid to cut costs. NSN recently signed a similar contract with Orange in United Kingdom, while Ericsson entered into an arrangement with Vodafone. This arrangement is also beneficial for telecom equipment manufacturers like NSN and Ericsson who are facing margin pressure due to low cost competitors like ZTE and Huawei.
- **The Netherlands economy ministry announced the successful bidders of a mobile spectrum auction in the country.** The additional spectrum will enable these mobile operators to improve and expand their networks. Cable company Ziggo and Sweden's Tele2 won 4 licenses each, Vodafone and KPN won 2 licenses each while T-Mobile won 1 license. The government will hold an additional auction for specific sections of the bandwidth after which the proceeds are expected to be disclosed. Total proceeds from the auction are estimated to be much lower than that from the previous auction in 2000, which generated US\$4 billion. The additional spectrum would allow mobile companies to prepare for the expected explosion in data traffic in the next few years. Currently, KPN, Vodafone and T-Mobile are the top three mobile companies in the country controlling almost 100% of the market.
- **Mobistar SA**, a leading mobile services provider in Belgium, announced quarterly net profit of 68.5 million euros (US\$91.6 million) on revenues of 393.6 million euros (US\$526.8 million). The company results beat Wall Street analyst expectations.
- **Ether Books**, a U.K publishing house, announced the launch of a new catalog of short stories, essays and poetry to be delivered to smartphones like Apple's iPhone. The company has decided



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to ignore the market created by tablet PCs like the iPad to focus exclusively on services for mobile handsets. Over 1 billion mobile phones are expected to be sold globally in 2010 compared to a few million tablet PCs.

- **Nokia, the world's leading handset manufacturer has slashed prices across its portfolio of mobile phones with the largest reduction seen in smartphone devices.** Nokia aims to position itself as a cheaper alternative to high end smartphones from Apple and Research In Motion.

## *Telecommunications*

- **Two former senior Siemens executives were indicted on charges of bribery in a German court.** Micheal Kutschenreuter, former financial head of the company's telecoms division and another former executive, the head of the accounting division were fined US\$215,000 and US\$53,000 respectively, in addition to being placed on probation for allegedly covering up bribes disbursed by the company employees to government and corporate officials in Russia and Nigeria. The litigation has already cost the company about US\$3.5 billion in fines, taxes and legal fees.
- **TeliaSonera announced first quarter results for the current year.** The company's revenues went down 4% to 26.1 billion crowns (US\$3.77 billion), while EBITDA stood at 9 billion crowns (US\$1.3 billion). TeliaSonera offers telecom services in the Nordic and Baltic regions as well as in Kazakhstan, Moldova, Nepal and other emerging countries. The company's forecast for 2010 remains optimistic and the CEO announced that it will grow sales in the year.
- **Spice Group PLC confirmed media reports that it was negotiating the sale of the group's telecom business to an undisclosed buyer.** Analysts expect the business to be worth about US\$30 million.
- **Deutsche Telekom, one of the world's leading telecommunications companies, will de-list its American Depository Shares from the New York Stock Exchange and will terminate its reporting obligations with the U.S SEC.** The company expects the decision to become effective in June 2010. The company stated that it aims to reduce complexity in financial reporting and related administrative costs through the move, although it will continue to maintain the highest standards of financial reporting and corporate governance.
- **France Telecom clarified that it has no immediate plans to re-negotiate with Swiss competition authorities, their decision to reject the company's bid for Swiss rival Sunrise Telecom.** The company also said that it might consider filing a legal appeal against the ruling of the competition authority. France Telecom's Orange and Denmark's TDC, which controls Sunrise Communications, had previously sought to merge and jointly take on market leader Swisscom before the Swiss competition authority blocked the deal.
- **Vyke Communications, a holding company whose subsidiaries operate in the telecommunications industry announced additional equity issue of 121.8 million shares to raise 4.26 million pound (US\$6.55 million) this week.** The company also revised its guidance for 2009 full year results. The company now expects an increase EBITDA loss of about 4.5 million pound (US\$6.9 million) for the year.
- **TPSA, Poland's leading telecom group controlled by France Telecom, announced net profit of 285 million Zlotys (US\$99 million) for the first quarter of the current year.** Revenues fell by 10% to 3.88 billion Zlotys (US\$1.35 billion).

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## *Media, Entertainment and Gaming*

- **Ziggo, a Dutch cable operator owned by private equity firms Warburg Pincus and Cinven, announced its plans to issue bonds worth 1.2 billion euros (US\$1.6 billion).** The proceeds from issuing the senior unsecured notes, due for maturity in 2018 will be used to repay certain mezzanine credit facilities of the company.

## *Internet*

- **Digital Sky Technologies (DST), the Russian investment firm that invested in Facebook last year, announced an investment of US\$135 million in social-commerce website Groupon.** Digital partnered with Battery Ventures on the current investment round. Groupon will use the proceeds to fund its global expansion. Groupon uses bulk buying power to secure large discounts on meals, activities and goods for its subscribers. In addition to Facebook and Groupon, DST is also invested in Zynga, which focuses on developing games for Facebook and MySpace. China's Tencent Holdings picked up a 10% stake in DST for US\$300 million last week.

## *Information Technology*

- **Thomson Reuters, the world's leading information company, announced the launch of a new global high speed network that will allow financial firms to access real-time data as well as share information amongst themselves.** Elektron, the new network will consist of hosting centers in all major cities in the world connected by a fiber optic ring. The company expects this new offering to revolutionize the information services industry.

## *Software*

- **MXP4, a leading developer of interactive music solutions announced the closure of US\$4 million in venture capital financing.** The current round of financing was led by Orkos Capital with previous investors Sofinnova Partners and Ventech also participating. The company will use the proceeds of the investment to accelerate the roll-out of its proposed 'MXP4 Everywhere' product roadmap.

## *Semiconductor*

- **ST Microelectronics, the fifth largest semiconductor company in the world, announced financial results for the first quarter of 2010.** The company's revenues increased by 40% to US\$2.3 billion with net income of US\$57 million.

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

### *Mobile/ Wireless*

- **Etihad Etisalat, Saudi Arabia's second largest mobile operator, reported financial results for three months ending March 31, 2010.** The company announced net profit 715 million Riyals (US\$ 190.5 million), a 49% increase over the same period in the previous year. The company's majority shareholder is Emirates Telecommunications.
- **Saudi Telecom Co., the largest telecom operator among the Arab states announced first quarter results for three months ending March, 2010.** The firm reported earnings of 1.7 billion Riyals (US\$472.5 million) on revenues of 12.5 billion Riyals (US\$3.5 billion). These figures represent a fall of 28% and increase of 3% respectively over the same period last year. The company attributed the drop in profits to a fall in international call prices, increase in termination fees with some external

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networks and increase in capital expenditure. The company also diluted its stake in Malaysia's mobile operator Maxis. The company now has 22 million mobile subscribers.

- **Orascom Telecom, the Egyptian telecom company and majority owner of Djezzy, the Algerian mobile firm locked in a tax dispute with the Algerian government, has been blocked from repatriating cash out of Algeria to its parent company.** Undisclosed sources at the Central bank of Algeria confirmed the news that Orascom's cash repatriation move was halted even though the company had received permission to move up to 50% of its 2008 dividends from Djezzy out of the country. Orascom is considering selling the Algerian unit to Weather investments, a private holding company controlled by Orascom's Executive Chairman Naquib Sawiris.
- **Mobinil's major shareholders, France Telecom and Orascom, ended a long standing dispute for control of the company this week.** The two shareholders signed a revised shareholder agreement that would end all differences between the companies without changing existing ownership structure or voting rights. Meanwhile, Mobinil announced first quarter results for three months ending March 2010. The company reported net profit of 518 million Eg Pounds (US\$93.6 million) on revenues of 2.78 billion Eg Pounds (US\$502.6 million). The company's net profit represents a 22% increase over the same period last year, but a 11% decline on a sequential basis.
- **Zain Saudi Arabia announced first quarter results for the current year.** The company, which started operating in the country in 2008, announced net loss of 663 million Riyals (US\$177 million). Net loss for the same period last year 765 million Riyals (US\$204 million). The company had secured US\$2.5 billion in Murabaha financing last year, but had still defaulted on an Islamic loan of the same amount.
- **Bahrain Telecommunications (Batelco) announced first quarter results for 2010.** The company posted net profit of 24.3 million Bahraini Dinars (US\$64.5 million) on revenues of 86 million Bahraini Dinars (US\$228 million). The figures reflect fall of 7.6% and growth of 4% respectively. The company expects heavy expenditure in start-up costs for its new Indian mobile firm S Tel and anticipates profits to remain dampened.
- **National Mobile Telecommunications Co. (Wataniya), a Kuwaiti mobile firm, announced first quarter results for three months ending March 2010.** The company beat analysts forecast to report earnings of 16.2 million Dinars (US\$56.5 million), a growth rate of about 6% and revenues of US\$440 million which grew at about 9%. Wataniya is controlled by Qatar Telecom.
- **An undisclosed Turkish company is reportedly considering acquiring a significant stake in Kuwaiti mobile operator Zain.** The telco recently sold all its African telecom assets to Bharti Airtel and announced that it would continue to remain open to new investments.
- **The Israeli government lifted its earlier ban on Apple's iPad after completing an intensive technical scrutiny of the device.** The government was concerned about security implications based on skepticism about the whether the device would meet wireless communication standards in the country. The government will allow the import of a single device per person beginning April 25<sup>th</sup>, 2010.

## *Telecommunications*

- **The South African communications minister announced that the next focus area for price cuts in the country's telecom industry would be the retail market, which serves the customers directly.** The ministry had convinced telecom companies to slash termination rates following an extended round of negotiations late last year and reiterated last week that the prices would come down

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further in the next three years. The South African government believes that high telecom tariffs in South Africa could be hampering productivity and foreign investment in the country.

- **Allied Technologies (Altech), South Africa's leading telecommunications, multi-media and information technology Company, announced full year results for 2009.** The company's revenues stood at 9.2 billion Rand (US\$1.24 billion), flat over 2008, while operating income was 993 million Rand (US\$124 million).
- **Turk Telecom, one of Turkey's leading telecom operators, announced first quarter results for three months ending March 31, 2010.** Revenues for the quarter rose by 22% to 2.58 billion lira (US\$1.73 billion) while net profit increased by 88% to 546 million lira (US\$365 million). The company warned, however, that revenue growth for 2010 would be lesser than the targeted 5% due to increasing competition and pricing pressures in the Turkish market. Mobile number portability, which was introduced last year, and a 50% reduction in termination rates by the company in the current year are expected to impact revenues significantly in the future. The company also identified mobile and broadband expansion as the future growth areas for the company. Turk Telecom's Avea Mobile is the country's third largest mobile operator. Turk Telecom is controlled by Dubai-based Oger Telecom.
- **Dubai's Du Telecom announced that its plans to offer a rights issue to its shareholders were firmly on track and that the issue was already fully subscribed.** The company plans to raise about 1 billion Dirhams (US\$272.3 million) through the offer and will use the proceeds to finance infrastructure improvements beyond the current year. Du had previously announced capital expenditure of more than US\$600 million for 2010 to enhance its high-tech offerings like mobile internet and 3G data services on mobile phones.
- **Qatar Telecom announced financial results for the quarter of 2010.** The company reported net profit of 1.2 billion Riyals (US\$330 million) on revenues of 6.4 billion Riyals (US\$1.76 billion). The figures represent growth rates of 104% and 14.2% respectively. The company also entered into an agreement with Nokia Siemens networks, one of the world's leading telecom equipment manufacturers, to upgrade the telco's 3G network. The value of the deal remained undisclosed. Meanwhile, the company successfully raised debt financing of US\$2 billion in a dual tranche revolving credit facility. The proceeds will be deployed for general corporate purposes.
- **Telefonica, Spain's leading telecom operator with significant presence in Latin America, is reportedly planning to merge its fixed line and mobile companies in Brazil in a bid to boost market share.** The company is expected to initiate talks with Portugal Telecom to integrate Vivo with its fixed line company Telesp. Portugal telecom is Telefonica's partner in mobile company Vivo.
- **MTN, South Africa's largest telecom company, is reportedly in negotiations with Egypt's Orascom Telecom to acquire some African assets of the latter.** MTN is also expected to announce plans to raise US\$5 billion to finance the investment. Orascom's troubled Algerian unit Djazzy, is also reportedly part of the asset transfer proposal.
- **Telefonica Chile, the country's leading fixed-line service provider announced financial results for the first quarter of 2010.** The company reported net-profit of 10.15 billion pesos (US\$19.3 million) on revenues of 157.3 billion pesos (US\$299.1 million). The figures reflect a fall of 8% and an increase of 1.4% respectively over the same period last year.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 04/23/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	93.972	1.95%	1.57%	4.41%	5.28%
Hong Kong dollar	HK\$/ US\$	7.7629	0.02%	0.01%	0.04%	0.07%
Chinese renminbi	RMB/ US\$	6.8274	0.03%	0.01%	0.11%	0.20%
Singapore dollar	S\$/ US\$	1.3704	-0.38%	-2.37%	0.12%	1.68%
South Korean won	KRW/ US\$	1,108.85	-0.12%	-2.63%	0.81%	3.55%
New Taiwan dollar	NT\$/ US\$	31.332	-0.12%	-1.71%	-0.51%	0.42%
Australian dollar	US\$/A\$	0.9278	0.39%	2.63%	-2.12%	-4.68%
New Zealand dollar	US\$/NZ\$	0.7173	1.24%	1.89%	-7.20%	-11.72%
Philippine peso	PHP/ US\$	44.33	-0.11%	-2.59%	-2.52%	-1.67%
Euro	US\$/€	1.3384	-0.87%	-0.19%	-11.93%	-16.64%
British pound	US\$/£	1.5376	0.09%	3.21%	-10.93%	-15.68%

### Fixed Income Prices and Yields

Note	Currency	Current (on 04/23/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	99.11	4.66%	99.075	4.67%	98.02	4.75%
Japan 30-year	¥	102.171	2.18%	101.056	2.24%	100.57	2.27%
Hong Kong 10-year	HK\$	92.708	3.07%	92.703	3.06%	94.7	2.81%
China (06/16)	CNY	109.38	3.03%	109.38	3.03%	109.38	3.05%
Singapore 10-year	S\$	98.00	2.75%	98.35	2.71%	98.1	2.74%
South Korea 20-year	KRW	10,647.38	5.14%	10,586.53	5.18%	10,669.31	5.09%
Australia 15-year	A\$	99.4	5.82%	99.2	5.85%	99.86	5.77%
New Zealand (12/17)	NZ\$	101.92	5.69%	101.92	5.69%	101.62	5.74%
Philippines 20-year	PHP	103.293	9.13%	103.643	9.09%	103.309	9.13%
India 30-year	INR	81.55	8.56%	82.5	8.46%	82.6	8.45%
UK 30-year	£	94.272	4.61%	94.773	4.58%	94.13	4.62%
Germany 30-year	€	116.827	3.80%	115.877	3.85%	114.778	3.91%

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