



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

Week of 3rd May 2010 - 9th May 2010

For more information on IRG, please email communications@irg.biz or visit www.irg.biz.

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



Week of 3rd May 2010 - 9th May 2010

Table of Contents

Equity Market Indicators	3
Weekly Highlights	4
International	4
Japan	4
Korea	5
China	6
Taiwan	9
Hong Kong	9
Southeast Asia/India/Australia	10
United States/Canada	12
Europe	17
Africa/Middle East/Latin America	19
Other Economic Data	21
Currency Exchange Rates	21
Fixed Income Prices and Yields	21

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, f/k/a iReality Group Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document. For more information on IRG call (852) 2237 6000.

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



Week of 3rd May 2010 - 9th May 2010

Equity Market Indicators					
Index	Closing Level (05/07/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,110.88	-6.39%	-6.99%	-0.36%	23%
Dow Jones Industrial Avg.	10,380.43	-5.71%	-5.61%	-0.48%	18%
Dow Jones Tech. Index	388.3	-7.80%	-8.02%	-3.60%	54%
Dow Jones Telecom. Index	192.1	-8.14%	-10.63%	-12.45%	-4%
NASDAQ Composite	2,265.64	-7.95%	-7.68%	-0.17%	44%
Japan Nikkei 225	10,364.59	-6.27%	-7.49%	-1.71%	17%
JASDAQ	53.99	-3.85%	-1.66%	11.69%	12%
Japan Mothers	471.36	-6.62%	-0.73%	13.21%	46%
Korea KOSPI Composite	1,647.50	-5.40%	-4.46%	-2.14%	47%
Korea Kosdaq	499.71	-4.59%	-2.43%	-2.74%	50%
Taiwan Stock Exchange	7,567.10	-5.46%	-6.49%	-7.61%	65%
Singapore Straight Times	2,821.11	-5.16%	-5.08%	-5.68%	60%
Hong Kong Hang Seng	19,920.29	-5.63%	-10.30%	-8.96%	38%
Hong Kong GEM	811.35	-8.93%	-5.24%	19.90%	111%
China Shanghai (A-Share)	2,818.86	-6.33%	-14.52%	-18.00%	47%
China Shenzhen (A-Share)	1,116.92	-4.33%	-14.89%	-11.43%	92%
China Shanghai (B-Share)	223.03	-9.81%	-16.37%	-11.67%	101%
China Shenzhen (B-Share)	565.18	-6.15%	-12.70%	-9.70%	108%

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



Week of 3rd May 2010 - 9th May 2010

Weekly Highlights

International

Hardware

- **ABI Research estimates the share of internet-connected television sets to grow to 46% of all new television sets shipped out, from the current level of 19%, in the next three years.** The television sets might be equipped with media, web browsing and social networking capabilities. This new trend could introduce innovative business and delivery models, transforming the role of television set manufacturers from mere sellers of hardware devices to that of more active service providers, who participate in delivery of advertisements, application customization etc.

Semiconductor

- **The Semiconductor Industry Association announced that global semiconductor chip sales grew by 4% in March over the previous month, generating US\$23.1 billion in revenues.** The association expects the resurgence to continue throughout the year and is hopeful of registering a double-digit growth rate on an annual basis. Sales to the PC industry and the mobile handsets industry are expected to drive growth in the next few months. These two industry sectors account for nearly 60% of all semiconductor revenues globally. Global revenues for the first quarter stood at US\$69.2 billion, a 58% increase over revenues in the corresponding period, the previous year. Major chipmakers, including Intel Corp., AMD, ASML, Texas Instruments etc. have reported stellar results in the first quarter and also issued healthy guidelines for the second. In related news, another report by research firm IDC estimates that the global semiconductor industry shrank by 9% in 2009, to US\$225 billion.

Japan

Mobile/ Wireless

- **Mobile content services firm Nano Media reported full-year results for the period ending March 2010.** The company's sales declined by 4.3% to 2.54 billion yen (US\$27.7 million) while net loss reduced to 98 million yen (US\$1.06 million) from 1.08 billion yen (US\$11.78 million) the previous year.
- **Softbank Mobile Corp said that it will start selling Apple Inc's iPad tablet computer in Japan on May 28 under a partnership with Apple.** A basic model with Wi-Fi wireless Internet access is priced at 48,960 yen (US\$535) and a model which can use both Wi-Fi and 3G mobile network service costs 58,320 yen (US\$637). A monthly network usage fee of 3,225 yen (US\$35) is necessary for the 3G model under a two-year contract.

Media, Entertainment and Gaming

- **Nintendo recorded its first annual profit fall in the last 6 years, hit by declining global sales and price cuts on the Wii video game console.** The company's net incomes for twelve months ending March 2010 dropped by 18% to 228.6 billion yen (US\$2.5 billion) while revenues dropped by 22% to 1.4 trillion yen (US\$15.3 billion). The company also issued a grim forecast for the current financial year and expects sales and earnings to drop by 2.5% and 12.5% respectively. Nintendo, however, expressed confidence in the popularity and quality of its game consoles and is betting on a

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



Week of 3rd May 2010 - 9th May 2010

new hand-held game console due for release this year, which allows users to play 3-D games without using special eye-glasses. Rivals Microsoft and Sony are also launching similar devices, but with special eyeglasses. Companies like Nintendo also face a big challenge from devices like the iPhone and the iPad, which might eat away into their market share by providing cheaper, easy-to-use games.

- **Japan's publishing industry is rallying to protect the US\$20 billion paper-back book business in the country, even as Apple, Sony Corp and Amazon plan the launch of their e-reader devices in the country.** A network of 31 large publishers in the country, called the Electric book publishers of Japan, could potentially jeopardize the success of the gadgets in the country, as they begin lobbying to protect their book publishing business where they control pricing. E-book service providers are expected to lower the cost of purchasing and reading new and old books by drastically slashing prices like they have done in the U.S market. The association has threatened not to supply content to the companies if the publishers are not allowed to maintain their paper-back book publishing businesses. Sony and Panasonic had previously attempted to launch e-book readers in 2003, only to fail due to the lack of electronic content. The association will agree to supply content only if the publishers are allowed to participate in a lion's share of the revenues from the business. The paper-back industry has shrunk to a quarter of its size in the 1990's, as people increase their engagement time with devices like mobile phones and laptops. Japan's market for e-book content totaled 53 billion yen (US\$578 million) in 2009 and is expected to increase to 87 billion yen (US\$948 million) by 2014. Currently comic book content dominates the market for e-content in the country.
- **Capcom, a prominent developer and publisher of video games, reported sales of 66.8 billion yen (US\$728.5 million) and net profit of 2.17 billion yen (US\$23.67 million) for fiscal year ending March 2010.** The figures reflect a decline of 27.3% and 73.1% respectively over the previous year. The company expects revenues to grow by 42% and earnings to grow by 269% for the current year.

Internet

- **IT security and data protection firm Sophos announced that it has reached a definitive agreement to sell a majority interest in the company to Apax Partners, a global private equity group, in a transaction valuing the company at US\$830 million.** When the transaction is completed, the founders of Sophos will retain a significant minority shareholding. TA Associates, a minority shareholder in Sophos since 2002, will sell its full interest to Apax in this transaction. Sophos operates in the IT security market, protecting companies of all sizes against computer and data threats. In its fiscal year ended March 31, 2010 (unaudited), Sophos had billings in excess of US\$330 million compared with US\$273 million in fiscal year 2009, revenue in excess of US\$260 million compared with US\$213 million in fiscal year 2009 and generated unlevered free cash flow of approximately US\$55 million compared with US\$40 million in fiscal year 2009.

Korea

Mobile/ Wireless

- **The Korean Communications Commission announced that KT Corp. and LG Telecom, two large mobile carriers, have agreed to charge subscribers by the second for voice communications.** The companies are following a similar move by market leader SK Telecom in March. The new pricing mechanism will reduce the cost for consumers and companies will hope that it will lead to users increasing their talk-time.

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



Week of 3rd May 2010 - 9th May 2010

Telecommunications

- **LG Telecom Co. announced that its first-quarter net profit jumped to more than five times its year-earlier level, largely on one-time gains from a revaluation of its merged entities.** For the three months ended March 31, 2010, LG Telecom's net profit rose to 543.2 billion won (US\$476 million) from 101.2 billion won (US\$88.7 million) a year earlier. LG Telecom said it booked revaluation gains amounting to 496.5 billion won (US\$435.1 million) from its newly acquired units, fixed-line operator LG Dacom Corp. and Internet-service provider LG Powercom, which it absorbed Jan. 1. Factoring in the merger with LG Dacom and LG Powercom, net profit in the first quarter of 2009 was 173.4 billion won (US\$151.9 million), with operating profit at 225.2 billion won (US\$197.2 million) and sales at 1.79 trillion won (US\$1.6 billion). LG Telecom had 14.3 million subscribers at the end of March, up from 12.1 million a year earlier, while average revenue per user from its wireless business fell 3% from a year earlier to 32,363 won in the first quarter.
- **KT Telecom, Korea's largest fixed-line operator, is reported to be on the verge of finalizing a joint venture with Samsung Electronics and Intel Corp.** The partnership will promote WiBro, a 4G technology otherwise known as WiMax. The joint effort involves investing in a legal entity together for the expansion of Wireless Broadband (WiBro) technology in international markets. Under the alliance, Intel will produce a chip-set with a built-in WiBro module, which will allow devices other than PCs and mobile phones to access internet directly, Samsung Electronics will supply WiBro equipment and KT will market and distribute the technology.

Hardware

- **Samsung Electronics, the world's largest electronics manufacturer, announced record quarterly results for three months ending March 2010.** The company announced net profit of 3.99 trillion won (US\$3.6 billion) and revenues of 34.64 trillion won (US\$31.25 billion). The results represent growth of 600% and 21% respectively over the same period last year. Growth was mainly driven by booming demand for semiconductor chips as well as a general upturn in demand for electronic goods. The chip division contributed nearly 50% of net profit, while the handset division also improved profits from last year, even on the back of lower volumes. The company expects profitability to improve further during the second quarter.

Semiconductor

- **Hynix Semiconductor Corp. announced plans to issue a bond offering in a foreign market yet to be decided.** The offering will be structured as a convertible and will aim to raise 558 billion won (US\$500 million) for the company, which will be used operations and new investments.

China

Mobile/ Wireless

- **Nokia, the world's largest handset manufacturer, announced the launch of a new, message-based information service targeted towards Chinese farmers who do not have access to the internet.** The service, called the Ovi Life Tools will offer information about the weather, health-care, market prices for produce, and English lessons for as low as 5 to 8 yuan per month. The service will be available on two low-end handset models starting immediately. The service is positioned as an alternative to the internet for the farmer and will offer other services like entertainment etc in the future.

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



Week of 3rd May 2010 - 9th May 2010

- **China Mobile announced the launch of a new online platform, with the objective of attracting over 200 million users in the near future.** The new service allows users to download digital publications through cell phones and e-reader devices. The new platform is basically an applications store created along the lines of Apple's iTunes, which will host a series of online publications. The company's book store will also support the iPad.
- **China Unicom announced a 17% price cut in iPhone handset prices.** The cheapest 3G iPhone will now cost 4,999 yuan (US\$732) now. Chinese mobile companies are under pressure to maintain growth as a maturing market and heavy investment on 3G networks have hit profitability and growth rates in the country.

Media, Entertainment and Gaming

- **Out-of-home advertising network operator AirMedia Group Inc. announced first quarter results for the current year.** The company reported a net loss of US\$6.5 million on revenues of US\$48.8 million. The figures compare with a net loss of US\$1.3 million and revenues of US\$32.8 million respectively in the first quarter of the previous year and net loss of US\$19.4 million and revenues of US\$45.2 million in the previous quarter. The company expects to break-even in the third quarter of 2010 and expects total revenues in the second quarter to be between US\$55 million and US\$57 million. For the full-year, the company expects revenues to be between US\$230 million and US\$250 million. AirMedia operates an extensive network of digital television screens and digital television frames in airports and gas stations in China.
- **Leading media and gaming company Shanda Interactive Entertainment Ltd. announced a new partnership with the municipal government of Huzhou, Zhejiang province.** As part of this agreement, Shanda has agreed to invest 3 billion yuan (US\$440 million) over the next five years to develop tourist spots in the province like a theme park and other related products. Shanda recently set-up a tourism-focused subsidiary, which will offer cloud computing driven travel services to tourists, such as online social gaming services etc.

Internet

- **Tencent Holdings is expected to report financial results for the first quarter of the current year next week.** Analysts expect revenues of 4.2 billion yuan (US\$615 million) and net income of 1.78 billion yuan (US\$260 million) for the quarter. These figures represent an increase of 67% and 72% year-on-year respectively. Growth in its gaming operations will constitute a significant part of the overall growth for the company. Tencent recently picked up a 10% stake in Russian company Digital Sky for about US\$300 million. In related company news, Tencent also announced that it has obtained video rights to broadcast the 2010 FIFA football world cup in mainland China from the China Central Television's nationwide internet television station, CNTV.
- **A new report by JP Morgan Asia-Pacific Equity research expects NASDAQ-listed Baidu's share price to reach US\$850 from the current levels of US\$710, by the end of the year.** The expected share price will value the Chinese internet giant at US\$30 billion, an increase of 25% from its current valuation and larger than Yahoo's current market value. Baidu is the world's second largest search engine and is the dominant market leader in China, one of the fastest growing internet markets in the world. Baidu's position in China also became stronger after Google's censorship disputes with the Chinese government, which led to speculation and uncertainty about Google's future in the country and made advertisers shift to Baidu. The only Chinese internet firm with a valuation higher than US\$30 billion currently is online gaming company Tencent Holdings, which has a market value

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



Week of 3rd May 2010 - 9th May 2010

of about US\$37 billion. eCommerce giant Alibaba.com has a market capitalization of about US\$10 billion. These figures compare with a US\$170 billion valuation for Google, the world's leading internet company. Baidu reported stellar first quarter results last fortnight, with year-on-year growth of 165% and 60% in net income and revenues respectively. China currently has about 400 million internet users, according to a press release by the State Council Information office.

Information Technology

- **Market research firm Ovum expects existing outsourcing contracts for information technology services in the country worth US\$1.8 billion to expire in the next 6 months.** The opportunities are mainly in the telecommunications and financial services industries. The two biggest deals that are about to expire are the ones between Swedish telecommunications equipment and services provider, Ericsson and China Mobile, and its rival China Unicom. These two contracts are up for renewal in July. In the financial services domain, China Pacific Life Insurance and bank of China are also expected to renew deals worth US\$ 18-20 million. In addition, there could be opportunities in the government, not-for-profit, aerospace, energy and utilities sectors, presenting interested companies a plethora of potential business opportunities in the country in the second half of the year.
- **AsiaInfo, a software and information technology services provider to China's three mobile companies, announced first quarter results for the current year.** The company reported net income of US\$10.3 million and revenues of US\$63.5 million. The figures represent year-on-year growth of 77.5% and 24.5 % respectively. China Mobile, China Unicom and China Telecom accounted for 66%, 16% and 9% of the company's revenues respectively for the period. The company expects spending on IT services, especially on business intelligence services that help assess customer preferences and trends, to remain stable for the rest of the year, even as mobile companies are expected to cut down on capital spending. AsiaInfo will also complete its acquisition of rival Linkage Technologies International Holdings, which was first announced in December 2009. The cash and stock deal worth US\$ 733 million will propel the combined entity as the leading IT firm for the telecommunications industry in China.

Hardware

- **Leading telecom equipment manufacturer Huawei Technologies is expected to meet Indian government officials to assuage their concerns about security problems with Huawei's equipment.** The Indian government had earlier objected to a large deal between Huawei and Bharti Airtel to sell 3G telecom equipment to the mobile operator, on grounds of national security. Chinese equipment manufacturers have lost out on more than a dozen large deals in the last few months in India over the same issue. Top officials of the company are expected to meet the Prime Minister and communicate a host of measures the company has taken to address specific concerns raised by the Government, including the appointment of Indians in all top positions of the company in the country.
- **Heng Xin China Holdings, a digital television equipment manufacturer and supplier in the mainland China region, announced plans to apply for transfer from the Growth Enterprise Market (GEM) of the Hong Kong stock exchange, where it is currently listed, to the main board.** The company's announcement is driven by the company's robust financial performance on the back of the fast growing digital television broadcasting business in China. The company is expected to submit the application in the second half of the current year, after declaring its full year results. The company, previously known as Tiger Tech, reported net income of HK\$91 million (US\$11.7 million) on revenues of HK\$340 million (US\$43.7 million) for the six months ending December 2009. The figures represent growth of 200% and 400% respectively over the corresponding period of the

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



Week of 3rd May 2010 - 9th May 2010

previous year. The company's three business divisions, ground wireless digital television, encrypted integrated circuits and wireless digital-audio integrated circuits contribute 61%, 22% and 17% respectively to total revenues.

Alternative Energy

- **Solar cell maker China Sunergy posted net income of US\$7.1 million and revenues of US\$104.3 million for the first quarter of the current year ending March 31, 2010.** The results compare favorably against a net loss of US\$16 million in the first quarter of 2009 and net loss of US\$3.6 million in the last quarter of 2009. Revenues grew by 182% year-on-year and 7% sequentially for the company. The company had previously announced the acquisition of CEEG Solar Science and Technology and CEEG New Energy, two related module manufacturers in China. The company shipped about 75MW of modules in the first quarter and expects to ship 80-90MW in the second. For the full year, the company expects to make shipments of 280-350MW of solar modules.

Taiwan

Telecommunications

- **Chunghwa Telecom, the largest telecom company in the country, announced plans to establish a cloud computing center in Northern Taiwan.** The facility will offer testing services to hardware manufacturers and software companies in the country, allowing them to assess the applicability of their products in a cloud computing environment. In related company news, the company announced plans to promote its mobile-internet services based on smartphones and 3.5G cards. The company wants to increase the contribution of data services to at least 50% of total revenues by the end of the current year.

Hong Kong

Telecommunications

- **PCCW Ltd. reported that it signed a HK\$16 billion (US\$2.1 billion) senior term loan and revolving credit facility to refinance existing loans.** PCCW said the financing plan has three tranches, comprising a four-year HK\$8 billion (US\$1 billion) revolving facility, a four-year HK\$3 billion term facility and a six-year HK\$5 billion (US\$0.4 billion) term facility. The margin on the four-year term facility is 90 basis points over Hong Kong interbank offer rate, or HIBOR, while the margin on six-year tranche is 115 basis points over HIBOR.

Mobile/ Wireless

- **Market research firm Ovum expects demand for pre-paid mobile services in Hong Kong to peak in the current year and grow at a much slower pace from the next.** The major users of pre-paid services in Hong Kong are tourists from the mainland and foreign contract workers living in the city and Ovum sees limited opportunities for growth given the limited size of the market locally. The firm estimates that the total size of the mobile subscriber base by the end of the current year to be about 6.2 million, representing 48% of the city's total mobile connections. By 2014, however, mobile subscriber base would constitute only about 45.7% of the total mobile users in the city. Operators like China Mobile Hong Kong, Smart Telecom and Globe Telecom offer special pre-paid schemes to the large number of visitors, tourists and domestic helpers in the city

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



Week of 3rd May 2010 - 9th May 2010

Southeast Asia/India/Australia

Mobile/ Wireless

- **India's sixth largest mobile operator Idea Cellular announced financial results for the fourth quarter ended March 2010.** The company reported net income of 2.67 billion rupees (US\$60 million), a year-on-year increase of 4.7%. Total revenues stood at 33.48 billion rupees (US\$752 million), an increase of almost 14% over the corresponding period last year. The company's growth surprised analysts who were expecting much lower profit and revenue figures. Non-operating income was the primary driver of revenue growth for the quarter. Idea Cellular, owned by the Aditya Birla Group, is facing margin pressure like all the other players in the country, amidst unprecedented competition and price war in order to gain marketshare. The company expects the price war to last for a few more quarters, and expects a few more months of depressed margins and revenues. Idea Cellular has a market capitalization of US\$4.5 billion.
- **Digi.com, a major mobile operator in Malaysia, announced financial results for three months ending March, 2010.** The company posted revenues and net income of 1.3 billion Ringitt (US\$397.5 million) and 278 million Ringitt (US\$85 million) respectively. The results represent growth rates of 6% and 1% over the corresponding period of the previous year. Revenues were mainly driven by growth in the prepaid business, boosted by customer-friendly pricing plans and increased usage. The company's EBITDA margin also improved based on some stringent cost cutting. The company expects 5% revenue growth for the full year.
- **Philippines mobile operator Globe Telecom announced first quarter results for the period ending March 2010.** The company's net income fell by 26% year-on-year to 2.95 billion pesos (US\$64.68) while consolidated service revenues dropped by 5% over the first quarter of 2009 to 15.2 billion pesos (US\$333.26 million). The company attributed the decline to a slowing mobile market, intense competition and pricing pressures. The company had about 24 million subscribers by the end of March. The company's mobile service revenues fell by 10% while voice revenues and data revenues fell by 7% and 13% respectively.

Telecommunications

- **According to a source who told Reuters, New Zealand's Telecom Corp is in negotiations to sell its Australian subsidiary AAPT to TPG Telecom, which has bid about A\$400 million (US\$362 million) for the company.** TPG was selected as Telecom's preferred bidder after its offer for AAPT trumped three other bids, a source close to the process said, speaking on condition of anonymity because he was not authorized to speak publicly about the negotiations. Telecom and TPG declined to comment. Other bidders who submitted proposals were privately held Pacnet, private equity firm Quadrangle Group and Optus, the fully-owned Australian unit of Singapore Telecommunications, said the source. Analysts have estimated AAPT to be worth around A\$400 million (US\$362 million), with the TPG offer put at around A\$440 million (US\$398 million). In 2009, AAPT reported earnings before interest, tax, depreciation and amortization (EBITDA) of A\$73 million (US\$66 million), down from A\$100 million (US\$91 million) the previous year.
- **The Australian government announced the completion of a sponsored study to assess the viability of its proposed National Broadband Network (NBN) plan.** The project is expected to cost the Australian tax-payers A\$43 billion (US\$39 billion). The study also said that the project would still be viable even without the support of Telstra, the former state-owned telecom player that operates

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



Week of 3rd May 2010 - 9th May 2010

a wide-spread copper line network in the country, although leveraging on Telstra's network would save the government about A\$5 billion (US\$4.5 billion). Australia is believed to have slower and costlier internet connectivity compared to most other developed nations and the NBN is deemed as a solution to bringing Australia's network up to international standards.

- **Nokia Siemens Networks has edged out Ericsson and Huawei to clinch a seven-year US\$907 million deal with Vodafone Hutchison Australia.** The contract involves providing managed services and an integrated core network for the company. Vodafone Australia and Hutchison 3G Australia merged their businesses last year to create a combined entity called Vodafone Hutchison Australia.
- **Telecom Corp., New Zealand's dominant telecom operator, reported financial results for third quarter ending March, 2010.** The company's net profit fell by 39% year-on-year to NZ\$97 million (US\$69 million), while revenues fell by 11.2% to NZ\$1.26 billion (US\$896 million). Despite the slump, the company held on to its full-year forecast for twelve months ending June 2010, of NZ\$400 million-NZ\$440 million (US\$284-US\$312 million). The company attributed the decline in performance to a lower dividend payout from its stake in cable company Southern Cross and to unexpected costs arising from the outage of its XT Mobile network.
- **Bids for purchasing mobile spectrum in India reached US\$9.95 billion after 22 days of bidding, higher than the government's expectation of US\$8 billion for mobile as well as broadband spectrum combined.** The auction is expected to continue for another couple of days. Operating license for the Mumbai circle received the highest bid amounts, followed by Delhi and then the other regions. India is the most competitive mobile market in the world, with voice rates plunging every month as industry players slash prices to gain marketshare.
- **Advanced Info Service PLC (AIS), the leading telecom group in Thailand, announced first quarter results for the current financial year.** The company posted net-profit of 4.97 billion baht (US\$154 million), up 9% year-on year. Total sales and service revenues stood at 23.4 billion baht (US\$725 million), up 4% year-on-year. AIS, 22% owned by SingTel, is the fifth largest listed company in Thailand with market capitalization of US\$7 billion. The company controls about 50% of the domestic mobile phone market and competes with Total Access.

Media, Entertainment and Gaming

- **StarHub, the leading media and telecom group in Singapore, announced first quarter results for the current year.** The company reported service revenues and net income of S\$527 million (US\$377.5 million) and S\$43 million (US\$30.8 million) respectively. The figures represent year-on-year increase of 4% and decrease of 48% respectively. Revenues from the mobile business picked up during the quarter driven by higher sales of smartphones, particularly the iPhone, while revenues from the media business remained stable. EBITDA went down sharply due to higher wage costs and one time bonuses distributed during the quarter. The company expects revenue growth for the full year to be in the lower single digits, while net margin might drop to 28% from the previously stated 30%.

Information Technology

- **HCL Limited, one of India's leading IT outsourcing companies, announced that the company's life sciences vertical had signed a US\$500 million multi-year deal with Merck & Co.** As part of the deal, HCL will provide a range of IT services to Merck, including software-based IT solutions, remote infrastructure management, engineering, business and knowledge process outsourcing services. HCL has been a long-time partner of Merck, although the new deal is the largest

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



Week of 3rd May 2010 - 9th May 2010

engagement agreement between the two parties. The life sciences vertical contributes to about 7% of total revenues for HCL, compared to 26%, 6% & 8% for rivals Cognizant, TCS and Wipro respectively.

Hardware

- **Private equity fund CVC Asia Pacific won the auction for Acument Global Technologies Asian assets, a deal estimated to be worth more than US\$300 million, sources with knowledge of the matter told Reuters.** Private equity fund CVC Asia Pacific won the auction for Acument Global Technologies Asian assets, a deal estimated to be worth more than US\$300 million, sources with knowledge of the matter told Reuters. Acument is a manufacturer of fastening systems used in a range of industries.

United States/Canada

Mobile/ Wireless

- **Apple reported that the first month sales of the iPad have exceeded that of the iPhone.** The company sold 1 million units of the device in the first 30 days following its April 3rd launch. The iPhone took 74 days to achieve the same milestone. The company continues to have difficulty in meeting demand even after it deferred its international launch. Apple also launched the high-end, pricier version of the device. The company also reported that iPad users have already downloaded 1.5 million digital books and more than 12 million applications. Apple's iPhone increased its marketshare of total smartphone shipments in the first three months of the year from 10.9% last year to 16.1%. The gain in marketshare came at the expense of RIM, whose marketshare slid from 20.9% last year to 19.4% in the first quarter of this year. Apple also announced that it was shutting down Lala, the online music service that it acquired for US\$80 million late last year. The company might use Lala's technology to launch a web-based version of its iTunes Music Store
- **Clearwire, a provider of wireless telephony and high speed internet services in the U.S, unveiled two new 4G handsets.** The company will partner with Samsung and HTC to release the new phones. The company is looking for wholesale partnerships in the future for investments in network expansion. Clearwire also announced a change of terms in its agreement with Intel Corp.
- **SBA Communications Corp., an independent operator of wireless telecom towers in the U.S, announced financial results for the three months ending March 2010.** The company's net loss widened to US\$37.3 million from its reported loss of US\$18 million a year ago. Revenues grew by 10% to US\$148 million. The company's profitability was hurt by higher interest expenses. The company expects strong demand for wireless services in the future based on burgeoning demand for data services from 3G and 4G customers. SBA issued second-quarter guidance for revenues ranging between US\$149 million and US\$153 million.
- **Nokia and Microsoft announced the launch of a new mobile software application together.** The companies, fierce rivals at one time, unveiled an application called the Communicator Mobile software, which allows users to access a host of communication options on their mobile phones like chat, messenger, email etc easily. The application is available for download from Nokia's Ovi store. Microsoft is expected to release a new mobile version of MS-Office exclusively for Nokia's mobile devices shortly.
- **Leap Wireless announced net loss of US\$65.4 million and revenues of US\$654 million.** The figures compare with Leap's net loss of US\$47.4 million and revenues of US\$587 million in the first

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



Week of 3rd May 2010 - 9th May 2010

quarter of the previous year. The company's ARPU fell by 10.1% while net customer additions fell by 9.5% over last year. The company attributed the slump in performance to increasing competition and a weakness in the overall economy. Leap is a low-cost mobile services provider in the U.S and competes mainly with MetroPCS Communications.

Telecommunications

- **Level 3 Communications Inc. has posted five straight quarterly losses as businesses shelved plans to spend on Internet networking services.** Level 3's first-quarter loss widened as the network-services company took a US\$54 million debt-extinguishment charge and said its revenue declined. The company reported a loss of US\$238 million, or 14 cents a share, from a loss of US\$132 million, or 8 cents, a year earlier. Revenue dropped 7.1% to \$910 million. Analysts polled by Thomson Reuters had most recently forecast a loss of 11 cents on US\$908 million in revenue. Communications gross margin fell to 58.8% from 59.5%. Revenue in the company's core network-services segment declined 3.7%.
- **NetServices Plc, a managed networking service provider, agreed to sell substantially all its business to GCI Telecom Group Ltd for 3.2 million pounds (US\$4.9 million) in cash.** The company said the disposal of its WAN Services Ltd and the trade and assets of NetServices would also involve the sale of the trade name "NetServices." "Following completion (of deal), and with 3.2 million pounds consideration, we are proposing an investing policy to acquire companies operating in the fast growing IT services, technology and communications sectors," NetServices Chairman Graham Norfolk said in a statement.
- **Canada's largest telecommunications services provider, BCE Inc., reported financial results for three months ending March, 2010.** The company posted a jump of 61% in net profit and 2.3% in revenues during the quarter. BCE's quarterly income stood at C\$608 million (US\$590 million), while revenues stood at C\$4.43 billion (US\$4.3 billion). The company's share of new postpaid activations during the quarter increased to 42% from 19% the previous year. Postpaid customers are typically considered to be more valuable by telecom companies as they enter into multi-year commitments and generate higher ARPUs. BCE, which sells telephone, broadband and satellite television services, attributed revenue growth to higher marketing during the Winter Olympics held in Canada, introduction of a new wireless network and launch of a new range of smartphones during the quarter.

Media, Entertainment and Gaming

- **Leading media conglomerate News Corp. announced net profit for the third quarter of US\$839 million with revenues of US\$8.8 billion.** The figures reflect a fall of 68% and increase of 19% respectively over the corresponding period of the previous year. The company's cable television and filmed entertainment businesses recorded strong growth in year-on-year operating income of 38% and 76% respectively. Newspaper operating profit stood at US\$131 million, a four-fold increase from last year. Operating profit of its social networking platform, MySpace and satellite television business in Italy went down, offsetting some of the gains from the other business divisions. Growth in filmed entertainment business was mainly driven by the success of blockbuster movie Avatar. The company expects full-year revenue growth to be in the higher twenties percentage.
- **Cablevision Systems Corp. reported first quarter net income of US\$74.3 million, a year-on-year increase of 250%.** Revenues for the quarter stood at US\$1.75 billion, a 5% increase over the first quarter of 2009. Free cash flow, an important metric to assess profitability in the cable television

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



Week of 3rd May 2010 - 9th May 2010

industry, increased by 32% to US\$240.5 million. Revenues from its cable television and telecommunications businesses grew by 5.9%, while that from its television programming and entertainment business, a much smaller component, grew by 6.3%. The company added 42,600 internet customers and 42,300 phone customers during the quarter, in line with analyst expectations. Cablevision also added 900 cable television customers, bucking the overall trend in the country.

- **Analysts expect Blockbuster Inc., the U.S video rental chain, to go out of business soon based on the trading prices of the company's bonds in the secondary market.** The debt-ridden company is largely expected to fail in its current efforts to restructure its liabilities. The company has steadily lost marketshare to rivals Netflix Inc. and Redbox. Blockbuster faces a debt payment of US\$400 million in 2012 and the company's performance this year will determine whether it can honor the payment or will file for bankruptcy.

Internet

- **Analysts expect Facebook's new Open Graph initiative to position the portal as a strong contender in the online search space in the future.** Facebook, a leader in the social-networking market has only a limited presence in the web search market currently. The Open Graph initiative aims to extend Facebook's reach beyond the boundaries of its portal Facebook.com, and into third party websites. Facebook now allows its users to access its successful features such as 'Like', 'Comment' and 'Share' on third-party news websites, which will enhance Facebook's capability to identify preferences of its user communities and target advertising efforts based on those preferences. 50,000 third-party websites have already agreed to partner with Facebook on the new initiative and will host Facebook's features on their own portals. Analysts, however, say that it will take Facebook more time before it can fully leverage on these new capabilities and take full advantage of them. Facebook is estimated to have generated revenues of about US\$500-US\$650 million in 2009.
- **Yahoo Inc. rolled out the latest phase of its US\$100 million advertising campaign, which began in September last year.** The company has seen the number of unique visitors to its various websites decline in the six months since the campaign was launched, while the number of users visiting Google, Facebook and Microsoft grew at the same time. The company's CEO believes that the advertising campaign has proved to be successful in overseas markets, while being less effective in the U.S market. The latest slew of advertisements will promote the company's range of websites devoted to sports and news.
- **Real Networks Inc., a provider of internet media delivery software and services, announced results for three months ending March, 2010.** The company reported revenues of US\$128.6 million and net income of US\$3.2 million. The figures compare with US\$140.8 million and net loss of US\$12.1 million in the first quarter of last year. The company's revenues from Media software and services went up by 2% year-on-year, while that from Technology products and solutions, Games and Music went down by 4%, 8% and 19% respectively. For the second quarter, the company expects the trend to continue and anticipates revenues to go down marginally from the first quarter.

Information Technology

- **IBM announced the acquisition of Cast Iron, a company focused on providing cloud computing solutions.** The terms of the deal were not disclosed. The acquisition is a reflection of the company's optimism about the viability of cloud-computing based business models and also reiterates the company's vision of moving away from commoditized hardware businesses to software and solutions. The company expects the cloud computing market, including the Software as a Service

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



Week of 3rd May 2010 - 9th May 2010

(SaaS) market to reach US\$147 billion by 2012, a 3-fold increase from the last estimate of US\$46 billion in 2008.

- **Virtustream, an IT Infrastructure services provider in the U.S, announced the closure of US\$40 million in Series A equity financing.** The company will use the proceeds of the investment to fund the expansion of the company's proprietary xStream cloud computing platform. This round of financing was led by Intel Capital, Noro-Mosley Partners and TDFunds.
- **Information technology company CGI Group Inc. said that it will buy Stanley Inc. for \$903 million cash, or \$37.50 per share.** The Canadian company is offering a premium of 29 percent from Stanley's closing price of \$29. The companies said their boards have approved the sale and Stanley directors and executives have pledged to vote their shares in support of the deal. Stanley, based in Arlington, Va., provides systems and professional service support to the federal government. CGI said it will make Stanley part of its CGI Federal unit, which does business with the U.S. government and defense, intelligence, and civilian agencies. CGI will tender an offer for Stanley shares in the fall. It plans to pay for Stanley with cash on hand and funds from its existing credit facilities. It expects the acquisition to add to its profit within the first year of closing. The combined company will have \$4.5 billion in annual revenue, CGI said. In January, Stanley forecast annual revenue of \$868 million to \$876 million.

Software

- **IGP Photonics announced first quarter revenues of US\$51.2 million and net income of US\$3.4 million for three months ending March, 2010.** The figures represent an increase of 13% and 167% respectively over the corresponding period of the previous year. The company's gross margin went up by 6 percentage points to about 40% in the quarter. IGP recorded strong growth in sales of its material procession solutions and medical applications which more than offset a weak performance in its telecommunications and advanced applications divisions. The company expects revenues for the second quarter to be between US\$57million and US\$62 million. IGP provides high-power fiber laser and amplifier technology that is used for high-end applications in the telecommunications, material processing, medical and life sciences industries.
- **High Street Partners, a provider of niche business services in areas of Software as a Service and cloud computing, announced that it has received US\$6 million in Series B venture financing.** The current round of financing was led by Sigma Partners and also included Baird Venture Partners and existing investor SVB Financial Group. The company will deploy the funds to accelerate the development of its technology platform and strengthen its sales capabilities in the U.S and Europe.
- **InTouch Technologies Inc., a solutions provider for the healthcare and medical industries, announced the closure of US\$10 million financing in private placement.** The financing round was led by Beringea, through its InvestMichigan Growth Capital Fund. The new capital will help the company accelerate its product development efforts as well as help in the preparation of an IPO in the near future. The company's solutions help physicians to remotely consult with their patients, beyond barriers of time and distance, allowing for delivery of on-demand, critical health-care services.
- **BMC Software, a prominent provider of solutions for business services management, announced financial results for fourth quarter ending March 2010.** The company's revenues for the quarter stood at US\$491 million, an increase of 3% year-on-year and much below analyst estimates of US\$510 million-US\$518 million. The company's operating income was reported at US\$160 million,

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



Week of 3rd May 2010 - 9th May 2010

also slightly below analyst estimates of US\$174 million. The company issued revenue growth guidance for full fiscal year 2011 of about 5%.

- **Symantec Corp. reported fourth quarter ending March 2010 revenues of US\$1.54 billion, an increase of 3% year-on-year and marginally higher than analyst estimates of US\$1.53 billion, while GAAP net income stood at US\$184 million, compared to a net loss of US\$264 million for the corresponding period in the previous year.** Revenues from consumer sales, security and compliance products and services went up during the quarter while that from storage and server management went down marginally. The company issued revenue guidance US\$1.48 billion-US\$1.5 billion for the current quarter.

Hardware

- **Arrow Inc., a distributor of electronic components and IT products, announced first quarter results for the current year.** The company posted net income of US\$87 million, a year-on-year increase of 225% and revenues of US\$4.2 billion, an increase of 29%. Analysts had forecast revenues of US\$4.1 billion. Growth was primarily driven by sales of components to customers like IBM and Hewlett-Packard. The company expects second quarter revenues in the range of US\$4.3 billion and US\$4.6 billion.
- **Palm Inc. announced the debut of its Palm Pixi Plus phone in Spain.** The company has partnered with Vodafone Spain to distribute the handset in the country. Palm recently entered into an acquisition agreement with Hewlett-Packard, after shrinking market-share and an adverse cash situation forced the company to think of strategic sale options. Hewlett-Packard is expected to use its marketing muscle and global distribution capabilities to make the Palm available to a global audience. Hewlett-Packard was interested in Palm Inc. because of its proprietary WebOS platform, which is considered to be technically superior to many other mobile operating platforms in the market.

Semiconductor

- **Chip manufacturer Pericom Semiconductor announced three months ending March 2010 revenues of US\$36.7 million, a year-on-year increase of 50% and sequential increase of 2.4%.** Net income for the quarter stood at US\$3.1 million, an increase of 23% over the previous quarter and 1,093% over the corresponding period last year. Gross margins for the company also slightly increased over the previous quarter. Semiconductor companies have registered a recovery in the last quarter after surviving through a difficult time in the last couple of years. Industry leaders expect the recovery to last at least until the end of the current year. Pericom focused on high speed integrated circuits and frequency controllers.
- **Semiconductor manufacturing company Atmel Corp. posted net income of US\$16.6 million and revenues of US\$348.6 million for the first quarter of the current year.** The figures reflect an increase of 361% and 28.4% respectively over the corresponding period of the previous year. The company's growth was primarily driven by sales of microcontrollers, which are essentially entire computing devices built on a single chip that is used in a range of devices, from smartphones to automobiles. The company also announced a tentative sale agreement of its Microcontroller solutions business in France and U.K with Inside Contactless, a French company. Atmel's resurgence in the current quarter is in alignment with the semiconductor industry's recovery in 2010.
- **Ikanos Communications, a provider of advanced broadband semiconductor and IT products for the digital industry, announced first quarter results for the current year.** The company reported net income of US\$57.4 million and net loss of US\$4.4 million. On a non-GAAP basis, the

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



Week of 3rd May 2010 - 9th May 2010

company reported net income of US\$2.2 million. The figures for the current quarter compare with revenues of US\$20.7 million and non-GAAP net loss of US\$2.8 million. The company expects revenues between US\$56 million and US\$59 million for the current quarter.

- **ON Semiconductor Corp., a maker of audio and power management chips for the mobile phone, automobile and portable electronics industries, announced first quarter results for the current year.** The company earned net income of US\$63 million compared to a net loss of US\$34 million a year ago. Revenues for the quarter stood at US\$550.2 million, a 55% increase over the first quarter of 2009. Growth was driven mainly by new product development initiatives and acquisitions. The company issued a strong guidance for second quarter revenues, expecting a figure between US\$565 million and US\$580 million. The company had previously acquired California Micro Devices in January in an all-cash transaction worth US\$113 million.
- **Intel unveiled the latest version of its 'Atom' platform for smartphones.** The new range of processors are positioned as being cheaper, smaller and more energy efficient than the older versions and are said to match the capabilities of market leader ARM, whose designs are manufactured and marketed by Nvidia Corp, Marvell and Qualcomm . The semiconductor giant is hoping to extend its success in the PC market into the smartphone market, which is expected to be the fastest growing communication device in the future.

Alternative Energy

- **Google Inc announced a US\$38.8 million investment in two wind energy farms located in North Dakota.** The announcement represents the internet giant's first direct investment in a commercial scale alternative energy project as the company has only invested in solar energy start-ups previously. The wind energy farms are capable of catering to the power requirements of at least 55,000 households.

Europe

Media, Entertainment and Gaming

- **Pearson announced an agreement with private equity players Warburg Pincus and Silver Lake to sell its most profitable business unit, International Data Corporation (IDC).** The deal will be structured as a Leveraged Buyout (LBO) and is estimated to be worth US\$3.1 billion. IDC contributed 9% to Pearson's total revenues and 17% to net profit in 2009. The reported purchase price values the company at 24 times expected earnings of 2010. The deal might be closed by the end of the third quarter of the current year. Pearson will use the proceeds from the sale to make new acquisitions.

Telecommunications

- **Deutsche Telekom held its annual general meeting and reiterated its plan to grow organically in the U.S.** Disappointed shareholders questioned the company's plans after the stock's insipid performance in recent times. The company shares are currently trading at 10 euros, much lesser than even the issue price of 14 euros, and a fraction of the 65 Euro level about 10 years back. The company's American division, T-Mobile contributes about 25% to overall revenue and has recorded lackluster growth in recent years. Analysts and shareholders have been asking the company to explore merger and acquisition opportunities in the U.S market, but the management has steadfastly held on to its ambition of growing on its own in the U.S. The company expects the U.S market to triple in the next 4 years to US\$53 billion. In related news, Deutsche was reported to be considering a

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



Week of 3rd May 2010 - 9th May 2010

collaboration with Harbinger Capital Partners, a private equity firm with plans to build a 4G network in the U.S running on LTE technology.

- **Portugal Telecom announced first quarter results for three months ending March, 2010.** The company's net profit fell by 40% year-on-year to 100.3 million euros (US\$134.6 million). Revenues increased by 10.5% year on year to 1.77 billion euros (US\$2.38 billion) while EBITDA increased by 5% to 633.5 million euros (US\$850 million). The company's net profit took a hit from higher depreciation and higher investment costs during the quarter. Although operating revenues in its home country slipped by 3.6%, the company registered growth in its international ventures like Vivo, MTC and Dedic.
- **Alcatel-Lucent, a leading telecommunication equipment manufacturer, reported net loss of 515 million euros (US\$649 million) and revenues of 3.25 billion euros (US\$4.09 billion) for the quarter ending March 2010.** The figures compare with net loss of 402 million euros (US\$506.5 million) and revenues of 3.6 billion euros (US\$4.53 billion) during the same period in the previous year. The company attributed the decline to shortage of components, which prevented it from satisfying customer demand. However, the company's revenues from applications and services also declined by 6.3% and 3.1% respectively. The company reiterated its full-year growth forecast of 5% that it had issued earlier. Alcatel also signed a 5-year deal with BT to develop the latter's 21st Century Network, BT's next generation, software driven customer network.
- **Ericsson announced plans to enter the enterprise communications market.** The company CEO, Hans Vestberg, said that the company is currently not satisfied with its growth and was eyeing the cable, television, healthcare, transport and utilities sectors. The company believes there is wide scope for customized telecommunications services beyond the traditional services offered by telecom companies today.
- **Leading telecom companies Vodafone, Fastweb and Wind announced a partnership to build a fiber optic network in Italy.** The network, expected to cost 2.5 billion euros (US\$3.4 billion) will reach 15 cities in the country in five years. The initiative by these companies is expected to snatch the momentum and lead from former monopoly Telecom Italia. The network can even be extended to cover 50% of the country's population for an additional investment of 6 billion euros (US\$8.16 billion). Fastweb is owned by Swisscom, while Wind is controlled by Weather Investments, which also controls Orascom Telecom in Egypt.
- **Telecom Italia reported net income of 601 million euros (US\$817 million) and net income of 6.48 billion euros (US\$8.8 billion) for first quarter ending March, 2010.** The figures represent an year-on-year increase of 30.7% and fall of 0.7% respectively. The company's EBITDA increased by 3.2% over last year to 2.82 billion euros (US\$3.83 billion).
- **Swisscom AG, a former state-owned monopoly and currently the leading telecom player in Switzerland, announced first quarter results for the current year.** The company reported a 1.3% year-on-year increase in revenues to 2.9 billion CHF (US\$2.6 billion) while net profit slumped by 18.6% over last year to 394 million CHF (US\$355 million).
- **Telenor, the telecom services giant from Norway, announced first quarter results for the period ending March, 2010.** The company reported net profit of 1.04 billion kroner (US\$171 million) and revenues of 23.95 billion kroner (US\$3.94 billion). The figures represent year-on-year fall of 36% and increase of 3% respectively. Revenue growth was driven by a resurgence in the company's home markets in the Nordic region and performance in India, its latest operating region. The

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



Week of 3rd May 2010 - 9th May 2010

company aims to grow its distribution in India, where it already has 180,000 points of sale. The company had a global subscriber base of 179 million by the end of March.

- **TDC, the leading telecom group in Denmark, announced first quarter financial results.** The company's revenues increased by 2% year-on-year to 9.06 billion crowns (US\$1.63 billion), while pre-tax profit slid by 62% to 378 million. EBITDA, however, rose by 8% to 3.35 billion crowns (US\$602 million). Losses in currency translation affected the bottom line for the company. TDC is controlled by a group of private equity players who are reportedly planning a large stock offering later this year. The company's shares are currently traded on the Copenhagen exchange and are highly illiquid. The company's plans to divest its interest in Sunrise, a mobile operator in Switzerland, to France Telecom's Orange, were blocked by the country's competition authority.

Information Technology

- **Turk Telecom announced that it would shortly initiate negotiations to acquire Invitel Holdings.** The telecom company is looking to purchase the data and capacity services business of Invitel which is spread across 16 countries in Central Europe. Invitel is currently owned by private equity firm Mid Europa.

Software

- **CapGemini, the global software services and IT consulting firm, announced quarterly results for three months ending March 2010.** The company reported revenues of 2.05 billion euros (US\$2.61 billion), flat over the previous quarter and down 6.9% year-on-year. Compared to the first quarter of 2009, revenues from North America were up by 3%, while revenues from U.K, France, Benelux, Europe and Asia/Pacific went down. The company's headcount went up by about 1% during the quarter. For the full year, the company expects revenues to go down by about 2-4% and operating margin to hold at about 6%.

Africa/Middle East/Latin America

Mobile/ Wireless

- **Vivo, Brazil's largest mobile services company, announced stellar results for the first quarter of the year, ending March 2010.** The company's net income went up by 44% year-on-year to 191.9 million reais (US\$110 million), while revenues increased by 4.8% year-on-year to 4.23 billion reais (US\$2.42 billion). The company's marketshare in the Brazilian mobile market currently stands at 43%, while its share of the more lucrative post-paid market stands at about 20%. The company's ARPU however, dropped by 9.2% over the same period from the previous year, due to price cuts driven by intense competition. Vivo is a joint venture between Portugal Telecom and Spain's Telefonica.
- **TIM Brasil, the third largest mobile carrier in Brazil, announced financial results for three months ending March 2010.** The company's net profit surged to 30 million reais (US\$17 million), but still fell short of analyst expectations of 61 million reais (US\$34.5 million). The Company had reported net loss of 155 million reais (US\$87.5 million) in the first quarter of last year. Revenues increased by 5.13% year-on-year to 3.15 billion reais (US\$1.78 billion) while its subscriber base increase by 17% to 42.4 million. The revenues include sales of long-distance operator Intelig Telecom, which TIM agreed to acquire. TIM Brasil is owned by Telecom Italia.
- **Mexico's antitrust regulator expects the country's telecom industry to be much more competitive and efficient in a year or so after the forthcoming auction of wireless and fiber-**

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



Week of 3rd May 2010 - 9th May 2010

optic frequencies by the government. The Federal competition commission expects more companies to challenge the dominance of Carlos Slim, who controls 70% of the wireless market in the country. The authority also said that media heavyweight Televisa and Spain's Telefonica might emerge as strong players in the wireless market. The two companies are also partnering to bid for a proposed fiber-optic network, which will be an alternative to the current network controlled by Slim's Telmex.

- **The Algerian government indicated its willingness to acquire a controlling stake in Orascom Telecom's Algerian unit, Djezzy.** The government had previously objected to a potential deal between Orascom Telecom and South Africa's MTN, to sell Djezzy to MTN, citing its first right of refusal to purchase a majority stake. The announcement could derail negotiations between Orascom and MTN as Djezzy is Orascom's best asset, contributing almost 37% to the company's revenue last year. MTN is exploring options to acquire some or all of Orascom's assets to position itself as the third largest mobile operator in the world and has already armed itself with about US\$5 billion financing.
- **The Egyptian Financial Services Authority asked Orascom to submit more information about the company's deal with France Telecom.** Orascom recently settled a long-standing, acrimonious dispute with France Telecom over their joint ownership of Mobinil, a leading mobile operator in Egypt. Orascom also owns a direct stake of 20% in Mobinil. The regulator specifically wants to know how the companies arrived at the settlement fee of US\$300 million to be paid by France Telecom to Orascom and also the impact of the deal on Orascom's management structure and minority shareholders. In related news, Orascom is reported to be exploring merger and acquisition opportunities in Bangladesh, where it operates the country's second-largest mobile carrier, Banglalink. The country currently has 6 mobile operators, with only the leading firm Grameenphone being profitable.

Telecommunications

- **Telecom Argentina SA announced first quarter net income rose by 17% year-on-year to 411 million pesos (US\$105.8 million), while revenues increased by 15% over the same period to 3.25 billion pesos (US\$836.6 million).** The company's stellar performance beat even optimistic analyst estimates by a wide margin. The company registered highest increase in broadband subscriber base, followed by mobile and then fixed line. Telecom Argentina is jointly controlled by Telecom Italia and an Argentinean group.

Internet

- **TeleBras, a former state owned telecom monopoly in Brazil, which was sold off to private investors in the 1990s, announced plans to re-enter the telecommunications market.** The company will offer broadband internet and related services in the country. The company will be part of the government's national broadband program and assist the government by providing a private broadband network that will connect schools, hospitals and other essential services. The company might also provide wholesale services to other private operators as well. The company is currently inactive, and exists only in name to cater to some continuing tax liabilities. The government is considering reviving the company amidst doubts over the private sector's ability to provide stable, scalable infrastructure and services in the country. The Brazilian national broadband plan involves a US\$6 billion investment in boosting broadband internet access mainly to rural and low-income households. As part of the project, Telebras is expected to be recapitalized through equity infusion by the government and debt by local banks, and will be responsible for operation and maintenance of a fiber optic cable spread over 23,000 kilometers.

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



Week of 3rd May 2010 - 9th May 2010

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 05/07/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	91.59	-2.44%	-1.70%	1.76%	2.61%
Hong Kong dollar	HK\$/ US\$	7.7827	0.24%	0.35%	0.29%	0.33%
Chinese renminbi	RMB/ US\$	6.8258	0.01%	0.03%	0.08%	0.18%
Singapore dollar	S\$/ US\$	1.3958	1.85%	0.43%	1.97%	3.56%
South Korean won	won/ US\$	1,155.45	4.25%	3.34%	5.05%	7.90%
New Taiwan dollar	NT\$/ US\$	31.709	1.18%	0.49%	0.68%	1.63%
Australian dollar	US\$/A\$	0.888	-3.97%	-4.84%	-6.31%	-8.77%
New Zealand dollar	US\$/NZ\$	0.7144	-1.71%	-0.25%	-7.57%	-12.07%
Philippine peso	PHP/ US\$	45.558	2.47%	1.99%	0.18%	1.05%
Euro	US\$/€	1.2755	-4.10%	-5.52%	-16.07%	-20.56%
British pound	US\$/£	1.4804	-3.04%	-3.68%	-14.24%	-18.81%

Fixed Income Prices and Yields

Note	Currency	Current (on 05/07/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	105.3	4.27%	101.22	4.52%	98.06	4.74%
Japan 30-year	¥	102.895	2.14%	102.93	2.14%	101.402	2.22%
Hong Kong 10-year	HK\$	94.166	2.88%	92.635	3.08%	92.942	3.03%
China (06/16)	yuan	109.38	3.03%	109.38	3.03%	109.38	3.03%
Singapore 10-year	S\$	99.2	2.60%	98.65	2.67%	97.29	2.84%
South Korea 20-year	won	10,618.02	5.18%	10,759.54	5.06%	10,728.39	5.06%
Australia 15-year	A\$	102.03	5.50%	100.1	5.74%	99.23	5.84%
New Zealand (12/17)	NZ\$	102.44	5.60%	101.83	5.70%	101.65	5.73%
Philippines 20-year	PHP	102.186	9.25%	103.158	9.14%	103.161	9.14%
India 30-year	INR	81.95	8.52%	81.7	8.55%	82.5	8.46%
UK 30-year	£	97.84	4.38%	96.343	4.48%	94.084	4.62%
Germany 30-year	€	122.594	3.52%	118.914	3.70%	115.315	3.88%

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document.