



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

Week of 19 July 2010 - 25 July 2010

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



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Equity Market Indicators					
Index	Closing Level (7/23/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,102.66	3.5%	0.7%	-1.1%	22.1%
Dow Jones Industrial Avg.	10,424.62	3.2%	1.3%	0.0%	18.8%
Dow Jones Tech. Index	391.46	2.7%	0.2%	-2.8%	55.7%
Dow Jones Telecom. Index	208.73	2.9%	4.0%	-4.9%	4.5%
NASDAQ Composite	2,269.47	4.1%	0.3%	0.0%	43.9%
Japan Nikkei 225	9,430.96	0.2%	-6.7%	-10.6%	6.4%
JASDAQ	50.02	-0.8%	-4.7%	3.4%	3.8%
Japan Mothers	389.49	-0.8%	-6.1%	-6.4%	20.4%
Korea KOSPI Composite	1,758.06	1.1%	1.5%	4.5%	56.3%
Korea Kosdaq	483.69	-3.0%	-2.6%	-5.8%	45.7%
Taiwan Stock Exchange	7,761.22	1.3%	2.0%	-5.2%	69.0%
Singapore Straight Times	3,490.59	0.9%	-0.8%	16.7%	98.2%
Hong Kong Hang Seng	20,815.33	2.8%	0.0%	-4.8%	44.7%
Hong Kong GEM	785.26	4.3%	-3.6%	16.0%	103.7%
China Shanghai (A-Share)	2,695.76	6.1%	-0.7%	-21.6%	41.0%
China Shenzhen (A-Share)	1,088.40	7.2%	-1.0%	-13.7%	87.2%
China Shanghai (B-Share)	231.19	4.3%	3.8%	-8.4%	108.4%
China Shenzhen (B-Share)	629.87	5.6%	10.5%	0.6%	132.2%

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

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

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

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

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

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Weekly Highlights

International

Mobile/ Wireless

- **According to Strategy Analytics, global smartphone shipments surged 43 percent in the second quarter from a year earlier to 60 million units.** Smartphones made up 19 percent of total handset volumes in the quarter. Nokia's market share grew to 40.3 percent from 38.8 percent the previous quarter, due to competitive pricing and heavy promotion. Apple's market share slipped to 14.1 percent RIM remained in second place, with its market share falling slightly to 18.8 percent, from 19.1 percent. Apple's market share slipped amid criticism of the antenna design for its iPhone 4 and Nokia widened its lead over competitors.

Hardware

- **According to IMS Research, shipments of digital set-top boxes and DVRs topped 200 million in 2009 as close to 50 million TV households adopted FTA and pay-digital services.** The official count of 204 million STBs shipped in 2009 is within one percent of the shipment number originally forecast by IMS Research in the 2009 edition of the same study. Growth in 2009 set-top box shipments can be attributed to ASO in the US and strong demand in emerging markets such as China and India. More than 27 million digital terrestrial STBs, or 13 percent of world shipments, were shipped to the US in 2009. Close to 30 percent of STBs shipped in 2009 went to Brazil, China, India, and Russia. Contractions of disposable income meant fewer households were able to adopt digital TV or upgrade to advanced services in 2009.

Telecommunications

- **According to iSuppli, China accounted for 37 percent of all new broadband Internet subscribers added worldwide in the first quarter of 2010.** And with the country's rapid growth set to continue, the analyst company is urging vendors to work on a long-term China strategy or risk missing out on a highly lucrative market. China saw sequential growth of 57 percent during the quarter, making it the fastest growing global market. Based on figures from April and May, the second quarter will likely see the blistering growth continue. China will be home to 183.9 million broadband subscribers by 2014, up from 103.2 million in 2009. Growth in China is being driven at least in part by a government stimulus plan that will see US\$22 billion injected into the rollout of fiber access networks in the country by the end of 2011; the project will cover the establishment of over 80 million fiber broadband ports.
- **A new survey released by Broadband Barometer reveals that 60 percent of companies plan to introduce cloud services.** Broadband Barometer said that many companies are now focusing in cloud computing but doesn't plan to utilize the technology for data backup. 60 percent of companies will implement cloud services. 43 percent has plans to deploy online backup. Online backup risks are losing valuable data. Researchers had 30-minute phone surveys with companies ranging in size from five employees to 999 employees. Only 37 percent of small businesses are informed about the cloud computing and its services. Many believe that this can be a possible answer for their backup needs.

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Japan

Hardware

- **Sharp Corp. will enter the electronic-book market with a new tablet-like device it hopes will be the "iPad made in Japan."** Sharp said it is already in discussions with U.S. mobile carrier Verizon Wireless to bring the device and its own content distribution format to the U.S. Sharp joins a crowded field of companies looking to tap into the popularity of Apple's iPad, which has largely pioneered the market for tablet-like devices. In late May, Acer unveiled its first e-reader and touchscreen tablet computer. Toshiba unveiled a touch-screen tablet computer that doubles as an e-reader. Sharp will officially unveil its new multi-function tablet device around September. The company is also promoting its next-generation format for distributing e-books and other content that it says will better handle Japanese text and more easily incorporate video and audio. The new platform will allow a single item of content to be viewed in the same way across smart phones, computers and televisions. Sharp will start the content distribution service in Japan by the end of this year.

Telecommunications

- **NTT has had an agreement to acquire Dimension Data for US\$3.2 billion.** The deal is the largest acquisition for NTT since it bought a 26 percent stake in India's Tata Teleservices in 2008. NTT currently hosts data centers in 31 countries, mainly in Asia, the U.S. and Europe, but the acquisition will open up Africa, the Middle East and Australia. The company is expected to focus on cloud computing services as fixed-line and mobile telecoms markets approach the limits of potential growth. Acquiring Dimension Data will help NTT achieve its target of doubling overseas revenues of US\$1.85 billion in 2007 by March 2011. Dimension Data will remain as a separate business and the management team will remain at the company. According to research firm Ovum, cultural differences between telecommunications services giant NTT and Dimension Data could be a concern for the merged firm. Ovum questioned whether NTT's network and hosting capacity, combined with DiData's system integrator capabilities, would create integrated global services in the age of cloud computing, as claimed by NTT. There were historic warning signs that must be considered in such a cross-cultural, cross-industry marriage.
- **NTT Communications Corp. will open premium data centers in Vietnam and Singapore and launch a new service that enables enterprise customers to quickly establish seamless connectivity between core data centers.** These are all under a major new strategy to expand business in the fast-growing Asian region. NTT Com has been enhancing its leading presence for enterprise customers in Asia by adding offices, data centers, network and cloud-based services and a Singaporean outsourcing provider. NTT Com expects to significantly upgrade its world-class ICT solutions and quality of service for enterprise customers, especially multinationals with multi-hub operations in Asia.

Korea

Telecommunications

- **KT Corp. and private equity fund Woongjin Capital have establish a fund exceeding KRW1 trillion (US\$830.22 million) to invest in the domestic smartphone industry.** Woongjin will be responsible for managing the fund, one of the largest in South Korea. The fund will invest in various areas of the South Korean smartphone industry including hardware, software and new technology, with fundraising from domestic and international sources to be completed by September. The fund

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will be established in October. KT will support Woongjin as a strategic partner. It will provide advice on technology issues and push for collaboration with overseas information and communication technology company's that can help the fund.

Mobile/Wireless

- **Facebook Inc. released a Korean-language mobile application in an effort to target the growing number of users in South Korea.** The number of Koreans opening a Facebook account has recently surged, with local media reporting that Korea-based Facebook members reaching 1.1 million. But Facebook's local publicist declined to confirm the number. Facebook and other foreign social networking sites have long struggled to find traction in South Korea because of popular local services. Cyworld, a Web portal operated by a local company, also offers blogs and personal Web pages. It has some 25 million members in a country with a population of just under 50 million.

Semiconductors

- **Hynix Semiconductor Inc. had operating profit and sales that beat analysts' estimates as demand for personal computers and a shortage of the chips drove up prices.** Second-quarter operating profit was a record 1.05 trillion won (US\$870 million). Revenue jumped 96 percent. The rebound in computer demand that helped Intel Corp. and Samsung Electronics Co. post higher earnings will stay "robust" for the rest of the year. The industry may turn to a glut in the second half as production catches up to demand.
- **Hynix Semiconductor Inc, expects third-quarter DRAM shipments to grow by a mid-single digit percent from the previous three months, though prices are seen falling slightly.** Hynix officials gave the outlook during an investor conference call after the company announced its second-quarter results.

Hardware

- **LG Display Co. had its second-quarter net profit boosted more than 50 percent as higher TV demand pushed up prices of its key products.** Net income stood at 555 billion won (US\$461 million) in the April-June period, compared with 367 billion won (US\$304.8 million) n profit a year earlier. The bottom line was lower than the consensus estimate of 624 billion won (US\$518.3 million) by analysts surveyed by Yonhap Infomax. Sales boosted 35 percent on-year. The company had quarterly sales, helped by strong TV sales, which benefited from the 2010 FIFA World Cup. TV makers are key clients for LCD makers and large-size LCDs accounted for 53 percent of LG Display's second-quarter shipment. Demand for high-end products such as light-emitting diode (LED) and 3D display panels also boosted on the launch of new items. LG Display Co. will also invest 618 billion won (US\$513.1 million) for the next 15 months to beef up production capacity of its LCD plant in South Korea. The investment to be made in Paju, north of Seoul, is aimed at preparing the LCD maker for demand growth in small- and medium-sized LCD panels. New product releases led by companies such as Apple which rolled out its iPad tablet PC in April, has been driving the demand for smaller flat-screen panels. LG Display is scheduled to report its second-quarter earnings later in the day.

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China

Internet

- **The Chinese online search market generated revenue of 2.64 billion yuan (US\$389.66 million) in the second quarter of 2010, up 53.2 percent year-on-year.** Baidu Inc. accounted for 70.8 percent of the figure with revenue of 1.87 billion yuan (US\$276 million) in the second quarter. The China operations of global search giant Google accounted for 27.3 percent of the domestic market. Google China had 720 million yuan (US\$106.27 million) in the second quarter. Sogou accounted for 0.8 percent of the total revenue, while Soso made up 0.6 percent of the total. Google's share of China's search market revenue dropped by more than six percentage points in the second quarter, while local rival Baidu Inc.'s share boosted by six percentage points. Concerns grew about Google's ability to retain Chinese users and advertisers in March when the company shut down its China-based search service after a censorship row with the government, and began directing Chinese search users to its Hong Kong site instead. Baidu's market share boosted to 70 percent in the three months ended June 30 from 64 percent in the first quarter, while Google's share fell to 24.2 percent from 30.9 percent. Google's first-quarter market share also fell, from 35.6 percent in the final three months of last year. Baidu's first-quarter market share was up from 58.4 percent in the previous three months. Google's performance in the third quarter following the renewal of its ICP license in early July is now improving.
- **Baidu Inc.'s second-quarter earnings more than doubled from a year earlier to a record as the Chinese Internet-search leader benefited from higher revenue per customer under a new advertising system and from rival Google's reduced presence in the fast-growing China market.** Baidu had a net profit of about US\$123.5 million, for the three months ended June 30. The Chinese company has boosted the number of its customers and its capability of extracting revenue from them. Total active online-marketing customers grew 25 percent to 254,000 in the second quarter, while revenue per customer boosted 39 percent. Baidu forecasts sales growth that beat analysts' estimates with third- quarter revenue to rise 77 percent to 2.26 billion yuan (US\$333 million) as it gained a record number of customers in the previous three months.
- **The online advertising of China's telecom enterprises slightly declined by 4.12 percent month on month in June, but still remained at a comparatively high level comparing with March and April.** China's three telecom operators, China Mobile, China Unicom and China Telecom, ranked top three in terms of online advertising spending. China Telecom and China Mobile both promoted their value-added services with the theme of the World Cup, and boosted the online advertising expenditure. China Telecom launched a value-added service with World Cup as the topic, and spotted online advertising boosted by 53.7 percent from May. China Mobile promoted the mobile phone TV in full swing, and provided interactive broadcasting-on-demand services to users. China Mobile's online advertising expense in June soared 89.3 percent.
- **Google Inc. said it will end technical support for two online services in China that it used to offer with local partner Tianya.cn as cooperation between the two companies is being wound down.** Google will stop support for the two Tianya social- networking services. Google will close a self-developed website ranking page and a lifestyle site in China because of lower-than-expected demand. Google had 27.3 percent of China's search-engine market in the second quarter, declining from 29.5 percent three months earlier. Baidu Inc.'s share boosted to 70.8 percent from 67.8 percent. Uncertainty about Google's Chinese operations after the censorship dispute with the government had affected the company's business in China.

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Mobile/Wireless

- **According to Interfax, Samsung was China's top CDMA handset supplier by domestic shipments in May, shipping 249,000 units, down 5.68 percent month-on-month.** Hisense was now at second place from the leading position it held through March and April, shipping 183,000 units in May. ZTE was third on the list, shipping 150,000 units, up 12.78 percent from April. In fourth place was Huawei, shipping 145,000 units, down 31.60 percent from April, followed by Haier, which shipped 124,000 units, down 18.95 percent from April. Nokia, Samsung, TCL, Motorola and Sony Ericsson were the top five manufacturers in May. Nokia was the top manufacturer, shipping 7.65 million GSM handsets. Samsung and TCL followed in second and third place respectively. Motorola dropped from third place in April to fourth place in May, shipping 759,000 GSM handsets. Lenovo dropped out of the top five and was replaced by Sony Ericsson, which shipped 735,000 units throughout the month.
- **According to iResearch Consulting Group, China's mobile Internet market size reached 4.02 billion yuan (US\$593 million) in the second quarter of 2010, up 7.7 percent year on year but down 10.6 percent quarter on quarter.** Telecom operators in the market implemented stricter mobile phone charging control measures and strengthened control over SP terminal embedment, which delivered a strong impact on business revenue of both upstream and downstream companies of the mobile value-added industry chain. The mobile e-commerce sector and mobile online game sector continued growing fast while the mobile value-added sector, which contributes to the mobile Internet market much, dropped to a large extent.

Telecommunications

- **China Telecom Corporation Limited will acquire a stake in Telekom Srbija a.d.** The government of Srbija will launch a bidding procedure to sell a part of its 80 percent stake in Telekom Srbija. The Serbian government is planning to raise at least 1,500 million euros (US\$1, 937 million) from the sale of 40 percent stake in Telekom Srbija. Orascom Telecom, Etisalat, Deutsche Telekom, Turk Telekom and Telefonica also plan to bid to acquire stake in Telekom Srbija. The government assigned Citigroup Global Markets Limited to advise it on the sale.
- **Chinese telecom operators saw their revenue from core business grow 5.9 percent year on year in the first six months of this year.** Revenue from mobile telecom business boosted 11.2 percent year on year in the first six months, accounting for 68.55 percent of the total core business revenue. The ratio was 65.31 percent in the same period of 2009. Income from fixed-line telecom business declined 4 percent from a year earlier, accounting for 31.45 percent of the total core business revenue. Chinese telecom companies saw their core business revenue rise 6.3 percent in East China, rise 8.5 percent in Central China and rise 9.6 percent in West China.
- **China's 3G users was at 25.2 million by the end of June 2010, 42 percent, 30 percent and 28 percent of which are respectively had by China Mobile Ltd. China Unicom (Hong Kong) Ltd. and China Telecom Corporation Ltd.** China Mobile has 10.46 million TD-SCDMA users, China Unicom has 7.56 million 3G users and the figure for China Telecom is about 7.18 million. China's 3G users boosted from 15 million of the end of 2009 to 18.08 million. The figure boosted 7.12 million. The top three telecommunications carriers witnessed a user growth of 29.03 million, of which new 3G users accounted for 24.5 percent. Their gross telecoms operating revenues hiked 5.9 percent. By the end of June, there are more than 1.1 billion telephone users, including 800 million mobile phone users and 115 million Internet broadband users.

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- **China Unicom saw the number of its 3G subscribers increase by 1.03 million to 7.56 million in June this year.** The mobile carrier added 1.02 million 3G users in May. The number of 2G users boosted by 643,000 in June to 149 million. The net addition of 2G users last month was less than the 763,000 added in May. The number of broadband users boosted by 831,000 in June to a total of 43.76 million. The Chinese telecom operator said earlier this month that it will put into market its first batch of 3G intelligent mobile phones across the nation.
- **China Mobile Ltd had its subscribers boosted 5.06 million in June to 554 million.** The net addition of phone users last month was more than that of May when the mobile operator recorded 4.77-million net additions. Last month, the company's number of 3G users boosted by a record 1.14 million to a total of 10.46 million. In the first six months of this year, China Mobile added a total of 31.76 million phone users. At the end of June, China's phone users had exceeded 1.1 billion, including 300 million of fixed-line users, 800 million of mobile phone users.
- **China Telecom Co Ltd last month added 3.02 million CDMA users, sources reported.** In the first half of this year, the company saw net addition of 18.43 million CDMA users. At the end of Jun, the Chinese carrier's CDMA subscribers totaled 74.52 million and the number of 3G phone users was about 7.18 million. The number of broadband subscribers last month boosted by 880,000 to 58.33 million. However, the total number of fixed-line users decreased by 890,000 to 181 million in June. The number of the company's CDMA subscribers is expected to grow to 100 million within a year.
- **China Unicom will invest approximately 300 million yuan (US\$44.2 million) over a period of three years to construct a communications network in earthquake hit Yushu, China.** The company's plan includes 2G and 3G mobile communications network, fixed-line communications network, internet, basic data network and related transmission network, access network, IT support systems, production and office equipment, network security, and emergency support equipment. The company will employ energy saving and emission cutting methods for the construction of the communications network.
- **According to iSuppli, the number of broadband subscribers in China posted sequential growth of 57 percent in Q1.** China posted the fastest growth in broadband subscribers of any global region, with China accounting for 37 percent of new worldwide subscribers during Q1. China is followed by Europe in broadband subscriber addition. The growth in China should continue in the second quarter, with an estimated 5.5 million net new subscribers added when final figures are tallied. Growth is not expected to slow down as the Chinese government in April approved a stimulus plan for building fiber broadband networks through seven government ministries. The stimulus plan calls for US\$22 billion in total investment in fiber networks that will establish more than 80 million fiber broadband ports by the end of 2011.

Media, Entertainment and Gaming

- **According to iResearch, China's online game market reaped a combined revenue of 7.34 billion yuan (US\$428 million) in the second quarter of this year, 8.8 percent more than in the same period of last year.** The Q2 growth rate was much lower than the 21.4 percent increase recorded in the first quarter of this year, due to lack of hot titles and decreased revenue of small-sized companies. The high-growth period for the online game market has passed as the market has faced a bottleneck after its revenue grew 30 percent to 50 percent annually over the past few years. iResearch expected high growth in the country's top game companies. Tencent, Shanda Games and NetEase.com, saw their combined market share rise to 58.3 percent in the second quarter. Tencent had a market share of 27.2 percent, followed by Shanda's 15.9 percent and NetEase's 15.2 percent.

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- **Shanda Games Limited launches its outsourcing procurement platform osp.sdo.com.** It starts to receive application for outsourcing service provider certification. On the strength of its internal demand, Shanda Games has become the first online game company to release its professional game outsourcing procurement platform. The company, which reaped a net profit of US\$48.2 million in the first half of 2010. The outsourcing mode has begun spreading in the development of Shanda Games' various projects, marking the first step of its R&D strategic transformation. Its outsourcing procurement business has also expanded from China to overseas markets.
- **Beijing Perfect World Co., Ltd. had an impairing capital divestment from its second largest shareholder, Song Ge, who is seeking to set up a new film company together with the original employees of the company's certain department in the future.** Perfect World had a US\$91.6 million in revenue for Q1. Perfect World has delayed debut of its new games and expanded its business into overseas market and the video and movies, information, as well as the wireless sectors. Perfect World had its unaudited financial results for the first quarter ended March 31, 2010. Total revenues increase 2.8 percent, and an increase of 47.0 percent. Online game operation boosted 5.2 percent and an increase of 51.0 percent. The sequential growth in online game operation revenues was primarily attributable to the continued popularity of some of the company's existing games and a series of successful in-game promotions and marketing activities.

Taiwan

Semiconductors

- **Nanya Technology Corp. raised its 2010 capital spending forecast by 36 percent as it aims to upgrade technology to meet growing demand.** Spending would be NT\$30 billion (US\$940 million) this year as it would churn out chips with more advanced process technology. Powerchip Technology said it sees 2010 chip output more than doubling from last year as new computers and smartphones spur fresh demand, helping it to book a record profit this year. Nanya had its 2010 chip shipment growth, or growth of memory storage on chips, would be 35 percent, lower than a previous estimate of 45 percent, due to slower supply from Inotera, which is under a process of technology transition. The company said that it expects growth in the business to be around 70-100 percent next year.

Hardware

- **Hon Hai Precision Industry Co. could see laptop shipments rising over 70 percent next year thanks to bigger orders from HP.** Hon Hai's laptop PC shipments to HP would more than double next year. Many top tech companies typically do their own design work, but outsource manufacturing to contract manufacturers such as Hon Hai, freeing them from having to manage labour-intensive production lines. PC shipments in Asia boosted by 36 percent from a year earlier to 27 million units in the second quarter of this year. Global leader Hewlett-Packard came in second after Dell, taking 11.6 percent of all Asian PC shipments in the second quarter.

Digital Content

- **The production value of Taiwan's digital content sector is estimated to surge to NT\$780 billion (US\$24.3 billion) in 2013.** The Program for Strengthening Development of the Digital Content Industry aims to build an environment and regulatory structure suitable for Taiwan's digital content industry, supply industrial innovation and management personnel, and assist insiders to promote applications of digital content in Taiwan. The government will grant tax incentives to solicit more investment in the industry. Around 31,500 new jobs in the industry are expected to be created,

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while investments will reach NT\$100 billion (US\$3.1 billion) in the coming few years. IDB officials noted that business potential in markets for PC games, computer animation, audio and video in Greater China is huge.

Telecommunications

- **Chunghwa Telecom Co., Ltd. is Taiwan's most profitable telecom making NT\$2.58 (US\$.08) per share throughout the first half of the year.** This is followed by Taiwan Mobile Corp.'s NT\$2.34 (US\$.073) and Far EasTone Telecom's NT\$1.31 (US\$.04). Chunghwa's first-half earnings exceeded its goal of NT\$2.43 (US\$.076) and Taiwan Mobile's was higher than its goal of NT\$2.25 (US\$.07). Chunghwa's revenue totaled US\$480 million due to the boosting first-half revenues to US\$2.8 billion. Its net after-tax income for June totaled US\$147 million, with first-half income at US\$782 million. The firm's consolidated revenue was at US\$1 billion as net after-tax income was at US\$218 million.

Hong Kong

Telecommunications

- **PCCW Ltd. may help its chairman retain the controlling stake in debt-laden Vivacom by taking a stake in the Bulgarian company.** Richard Li indirectly holds the controlling stake in Vivacom via private equity fund Pinebridge, which has 13 percent stake in the Bulgarian company. PCCW met Vivacom's senior lenders in London on June 22 to discuss injecting funds to take a stake in the ailing Bulgarian business. Vivacom, which breached its loan agreements on June 30, is undergoing restructuring by creditor banks. The company's senior lenders Royal Bank of Scotland Group PLC and Deutsche Bank AG asked Pinebridge to repay some of Vivacom's loans and inject cash into the company to retain control.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **GTL Infrastructure Ltd. has completed the purchase of telecommunication tower assets of Aircel Ltd. and its units.** GTL Infrastructure will have about 32,500 towers in 23 telecom service areas. GTL Infrastructure acquired the tower assets through unit Chennai Network Infrastructure Ltd. GTL Infrastructure had, in January, will buy Aircel's telecom-tower assets for 84 billion rupees (US\$1.8 billion). The final transaction value is 80.26 billion rupees (US\$1.70 billion).
- **Bharti Airtel has short-listed three multinational companies and two home-grown IT majors for its billion dollar IT outsourcing contract in Africa.** Bharti, Sri Lanka, HP and Accenture are the multi-national vendors that made it to the shortlist. Wipro and Tech Mahindra are the Indian vendors in the running for what could be one of the largest IT deals spread across 15 geographies in Africa. Bharti Airtel invited Request for Information or RFI to outsource operations worth over a billion dollars for African assets it acquired from Kuwait's Zain Telecom, suggesting it is looking for better deals than those being offered by its existing partners. A number of IT companies had made presentations to Bharti Airtel's management in response to its RFI. Bharti had issued a revised tender for its IT contract because of reservations expressed by some vendors regarding a few terms and conditions, which they felt favored the incumbent, IBM. But, ET could not independently verify this.

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- **Telecommunication Consultants of India Ltd. (TCIL) will invite financial bids for its 30 percent stake sale in Bharti Hexacom Ltd. by the end of the month, as it aims to complete the process within the current financial year.** The process of evaluating the expressions of interest will finish soon, after which, financial bids will be invited, R.K. Upadhyay, who is also TCIL's managing director. The company expects to open the financial bids after four weeks of inviting the bids and will then approach the federal government to fix the floor price for the share sale. TCIL invited expressions of interest for the sale of its stake in Bharti Hexacom through an open bidding process.
- **The Philippines' National Telecommunications Commission has extended the permit granted to Globe Telecom Inc. to operate a US\$40 million cable landing station in Cagayan province, north of Manila.** Globe's initial license to operate the cable landing station expired on March 10. The permit allows Globe to operate the cable landing station until its franchise as a telecommunications company expires in 2030. Globe's cable landing station provides connection between its subscribers and those of its foreign correspondent telecommunications companies. Globe is the exclusive landing party in the Philippines for the Tata Global Network-Intra Asia Cable System, a 17,000-kilometer cable network that will link the Philippines to Hong Kong, China, Japan, Korea, Singapore and Taiwan, and which might be extended to other countries in Southeast Asia.
- **Telstra Corp. is having discussions with TVN regarding the possible acquisition of a stake in the A\$250 million (US\$223.8 million) thoroughbred racing broadcaster.** Talks between the two companies have centered around Telstra taking as much as a quarter stake in the racing channel. A tie-up could help TVN consider a possible bid for rival Sky Channel.
- **Telstra Corp. will cut around 10 percent of senior and middle management roles across its business as Chief Executive David Thodey looks to simplify the group's operations and cut out duplication.** The company will lay off 30 senior managers and 270 middle management roles, out of around 3000 jobs at those levels. Telstra has been battling tough competition in the mobile phone market from aggressive rivals including SingTel's Australian arm Optus, declining earnings from its fixed line business and pressure in its directories unit. Analysts have pointed to inefficiencies in the former government-owned monopoly's approval processes as a reason why it has battled in the past to keep pace with its more nimble rivals in areas such as mobile phone pricing, despite its big marketing budgets and intense market research.
- **The Australian government had the first services on the NBN Co fiber network.** The unfunded NBN Co, which has been created by the government to roll out a next-gen access network to Australia's 4 million households, has so far passed just 3,000 homes, mostly in the southern state of Tasmania. Three ISPs – iiNet, Primus and Internode have begun a trial service to existing broadband customers in three Tasmanian suburbs. The three ISPs are shouldering subscriber upfront costs, including an average A\$200 (US\$173.58) per home for internal cabling as well as the cost of the modem.
- **Demand for internet-delivered video content across a host of different devices is pushing Australian content makers to seek new distribution partnerships and to customize content for divergent platforms.** Tata Communications is aiming to exploit these market changes with an offering aimed at helping publishers tackle these challenges. Supporting internet video content delivery across this increasing variety of platforms and distribution arrangements requires ever more extensive collaboration between content providers and distributors. Tata Communications will tap that need with its new Mosaic offering, an on-demand digital media management platform that manages content and workflow from production to distribution across collaborative market ecosystems.

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- **Thailand's economic ministers will push ahead with a plan to end all existing mobile phone concessions by the end of the year to convert them into telecom licenses for second generation services.** The government's attempt to ensure fair competition in the industry is not expected to derail a plan by the National Telecommunications Commission, to hold an auction in September to issue up to three new licenses for the 2.1 gigahertz spectrum, allowing mobile phone operators to offer 3G services that could be upgraded to 3.9G. The economic ministers have established a special committee to consider the most practical way to pursue the conversion.
- **Total Access Communications PCL had a 78 percent increase in its second quarter net profit, as brisk sales of mobile phones offset a sharp decline in international roaming income because of political protests.** The company said net profit during the April to June period was THB2.44 billion (US\$75.59 million). Revenue boosted to THB17.46 billion (US\$542 million). The company added 352,000 subscribers during the second quarter, lifting its subscriber base to 20.6 million. The results prompted the company to revise up its 2010 cash flow target to THB17 billion (US\$542 million). International roaming income fell 30.7 percent on quarter and 5.7 percent from a year earlier as months-long anti-government protests in Bangkok scared away tourists.
- **Khazanah Nasional Bhd. sold a 5.0 percent stake in fixed line and broadband network operator Telekom Malaysia Bhd. for MYR581 million (US\$180.7 million).** Maybank Investment Bank and Nomura Singapore Ltd. are the joint placement agents for the stake sale. Khazanah sold 178.9 million shares. The shares were sold to local and foreign institutional investors. State-linked institutions will cut public-firm holdings to free up shares and attract foreign investors to Malaysia, part of a plan that may also almost halve its budget deficit in the next five years, reduce expenses and make Malaysia more competitive. Khazanah finalized its holdings in power producer Tenaga Nasional Bhd., toll-road operator PLUS Expressways Bhd. and Malaysia Airports Holdings Bhd. in 2009. The Employees Provident Fund accounts for half of daily trading volume in Malaysia's local equity and bond markets.

United States/Canada

Information Technology

- **Juniper Networks Inc.'s second-quarter profit soared as the company posted improved revenue and margins.** The network-equipment maker has made a stronger push to support wireless networks and unveiled software designed to make networks run more smoothly in the hopes of encouraging service providers to consider new platforms and gaining market share from larger rival Cisco System Inc. It posted earnings of US\$130.5 million compared with US\$14.8 million. Excluding stock compensation and other items, earnings boosted to 30 cents from 19 cents. Revenue boosted 24 percent to US\$978.3 million. The company in April projected earnings of 27 cents to 29 cents and revenue of US\$930 million to US\$970 million. Gross margin boosted to 67.5 percent from 64.4 percent.

Media, Entertainment and Gaming

- **Comcast Corp. may have to sell some NBC television stations or agree to have independent arbitration settle pricing disputes to get U.S. government approval for buying General Electric Co.'s NBC Universal.** These are among the remedies the U.S. Federal Communications Commission or the Justice Department may require to ease fears about keeping television markets competitive following the US\$28 billion deal. Comcast would get control of the NBC television network and

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broadcast stations and sports networks in Boston, New York, Philadelphia, Chicago, San Francisco and Washington, six of the biggest U.S. television markets, plus Hartford, Connecticut. Comcast also would acquire NBC's national cable networks, including Bravo, USA Network, MSNBC and CNBC, and national sports and Olympic Games programming. Philadelphia-based Comcast's power in key markets is absolutely going to be a major concern for officials.

Telecommunications

- **Mexico's telecoms regulator Cofetel said that three companies won wireless spectrum in a government sponsored auction with combined bids of 2.98 billion pesos (US\$230 million).** A subsidiary of Spain's Telefonica SA will spend for 14 blocks of 10MHz in the 1850MHz-1990MHz frequency band. Iusacell bid MXN65.4 million (US\$5.1 million) for nine 10Mhz blocks in the same band. Televisa has pledged to invest US\$1.44 billion for a 30 percent stake in Nextel Mexico if the two obtain sufficient wireless frequency in two spectrum auctions. Market leader Telcel, a unit of Latin America's biggest mobile operator America Movil SAB, was qualified to participate in the auction, but wasn't awarded spectrum. America Movil is controlled by Mexican billionaire Carlos Slim.
- **Telefonos de Mexico SAB is expected to report a 28 percent drop in second-quarter earnings due to falling sales and the absence of foreign-exchange gains observed last year.** Profit likely fell to 4.26 billion pesos (US\$330 million). Revenue might decline 4.9 percent as a soft domestic economy and competition led to declines in local and long-distance sales. Telmex, which controls about 80 percent of Mexico's fixed phone lines, saw its lines in service fall 9.7 percent year-on-year to 15.81 million at the end of March. Competition and a deep recession have caused Telmex's lines in service to plunge during the last two years. Even though Mexico's economy is widely expected to grow between 4 percent and 5 percent this year, following a 6.5 percent contraction in 2009.
- **AT&T's iPhone customers are expected to generate more than US\$9 billion in revenue for the operator over the next five years, more than users of all other smartphones.** A typical iPhone user generates US\$5,345 in net revenue over five years for their carrier, after subsidies and bandwidth costs, compared to US\$5,097 for other smartphone owners. Consumers who buy an iPhone are also likely to be younger and more affluent, averaging 32 years of age with a household income of US\$100,000, whereas owners of competing devices average 34 years old with a household income of US\$85,000. While the average mobile user spends 19 minutes per day accessing the mobile Internet, iPhone users on average browse for 37 minutes per day while other smartphone users access the Internet for 32 minutes per day.
- **AT&T Inc. reported a 26 percent increase in second-quarter earnings due to an investment gain, lower costs and fewer defections, but the rate of growth in new contract customers slowed despite the benefits of the new Apple Inc. iPhone.** National wireless carriers have increasingly found it difficult to maintain momentum in signing up customers to long-term contracts, with many consumers opting to move to prepaid alternatives. AT&T added 496,000 postpaid subscribers, or a little more than a third of the number of customers it signed up a year ago.

Internet

- **Facebook Inc. had reached half a billion users worldwide, a milestone that underscores the continuing appeal of the social networking giant.** The growth of Facebook's popularity comes despite continuing criticism of its privacy policy. In May, the social networking site allowed users to have greater control over their accounts and security settings after complaints about the complexity of its privacy controls.

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- **EBay Inc. had second-quarter profit that topped analysts' estimates while predicting that a foreign-currency slump would eat into overseas sales this year.** Second-quarter net income boosted 26 percent to US\$412.2 million. Excluding some costs, the earnings were 40 cents a share. Analysts had estimated 38 cents. Even as EBay recovers from a slowdown in e-commerce spending, the company's international focus threatens the pace of its turnaround. EBay gets more of its revenue from overseas than any other large U.S. Internet company, including Google, Yahoo! and Amazon.com. The Marketplaces unit, which includes the main e-commerce site, ticket reseller StubHub and the classified-advertising service, accounts for most of EBay's revenue. Agreements with banks in China, Singapore and Australia have helped drive PayPal's expansion. In the second quarter, total payment volume boosted 28 percent to US\$21.4 billion. The business's revenue climbed 22 percent to US\$817 million.
- **Yahoo Inc. had its second-quarter earnings jump 51 percent, but investors still worry with third-quarter guidance falling short of Wall Street's expectations.** Yahoo Chief Executive Carol Bartz said the company's core display advertising business experienced some weakness in the latter half of June as large advertisers pulled back on spending. However, spending by those advertisers are expected to rebound and normalize by July. Still, the spending pause prompted the company to issue cautious third-quarter guidance. Revenue for the third quarter is expected to be in the range of US\$1.57 billion to US\$1.65 billion, the midpoint of which is below the average analyst forecast of US\$1.64 billion. Yahoo's effort to implement its search pact with Microsoft Corp. (MSFT) is progressing well, with the company having hit several significant milestones. Yahoo's 10-year revenue-sharing partnership with Microsoft, aimed at challenging Google's dominance of the online-search market, is part of Bartz's broader turnaround plan to focus on key Web properties and its core display advertising business.
- **Twitter plans to open a data center in the Salt Lake City area to provide a long-term fix to problems regarding uptime especially during peak seasons.** Twitter has strained against the capacity of its hosting providers in the past. The company is still cooperating with NTT while opening more data centers of its own over the next 24 months. Twitter's user base is still boosting steadily in 2010, with over 300,000 people a day signing up for new accounts on an average day. Twitter will have full control over network and systems configuration, with a much larger footprint in a building designed specifically around our unique power and cooling needs. Twitter's custom data center is built for high availability and redundancy in our network and systems infrastructure.

Semiconductors

- **Qualcomm Inc. boosted in extended trading after the company said it expects higher profit and selling prices for devices based on its technology.** The company, which gets the majority of its profit from licensing technology calculated as a percentage of the price of a phone, predicted higher estimated average selling prices in the current period. Consumers snapped up more smartphones and Qualcomm got more of its chips in those phones. The company also raised its 2010 profit forecast and reported third-quarter sales that topped some analysts' estimates, a sign that demand for phones is picking up. Net income boosted 4.1 percent to US\$767 million in the three months ended June. Sales were US\$2.71 billion. Analysts had predicted third-quarter profit of 43 cents a share on revenue of US\$2.64 billion. The company shipped about 103 million CDMA-based MSM chipsets in the quarter, up 10 percent from a year earlier. It expects to ship 106 million to 111 million this quarter.

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- **Qualcomm Inc. Chief Executive Paul Jacobs expects the company to return to its long-term revenue growth rate in the mid-teen range.** Jacobs was confident in the growth rate, which he expects will be driven by a higher percentage of sales of smartphones and their more expensive chips. He also believes the move to next-generation networks in key markets such as China and India will drive results. The company is already benefiting from the move to richer devices with more capabilities. The phones require a more advanced processor, as well as wireless chip, which benefits Qualcomm.

Software

- **Microsoft Corp. is expected to report sharp gains in fiscal fourth-quarter profit and sales when it posts results after the closing bell, thanks to improving demand for new computers outfitted with the company's software.** The chip giant's numbers seemed to indicate that businesses and consumers are snapping up personal computers. IDC had a 22 percent increase in PC shipments in the quarter ended in June, compared with the same period last year. HP and Dell, traditional Microsoft partners, topped IDC's list of PC sellers for the period.
- **Microsoft Corp. may raise its quarterly dividend for the first time since 2008 as its cash hoard swells.** Microsoft may boost the dividend to 15 cents a share from 13 cents, giving the company an indicated dividend yield of 2.31 percent. That increase would cost the software maker about US\$700 million a year. Microsoft, which will probably post its biggest sales gain in two years when it reports fourth-quarter earnings, had US\$39.7 billion in cash and short-term investments as of March 31. The company is looking for ways to reward shareholders after a 21 percent slide in the stock price last quarter. Chief Financial Officer Peter Klein would hew closely to the strategy of his predecessor, Chris Liddell, who stepped down as CFO last year. The approach included holding a target amount of cash and using all operating cash left after capital expenditures and acquisitions for dividends and share repurchases.
- **IBM missed analysts' sales estimates and reported a drop in services-contract signings.** Revenue last quarter boosted 2 percent to US\$23.7 billion. Analysts on average estimated US\$24.2 billion. Currency fluctuations reduced sales by US\$500 million. Services-contract signings declined 12 percent to US\$12.3 billion. Outsourcing signings should have double-digit percentage growth in this quarter. Services growth, as well as software revenue and new hardware products, will help IBM raise total sales this quarter even with a currency impact. Net income for the quarter climbed 9.4 percent to US\$3.39 billion.
- **VMware Inc.'s second-quarter profit more than doubled, beating analysts' estimates, as sales and margins boosted sharply.** The company lifted its full-year revenue forecast again, this time to US\$2.73 billion to US\$2.8 billion from US\$2.63 billion to US\$2.73 billion. It also projected US\$680 million to US\$705 million for the third quarter, ahead of the US\$672 million average estimate of analysts polled by Thomson Reuters. VMware dominates the market for virtualization software, which makes data centers more efficient by running multiple computers' operations on a single server. The technology is a priority for many companies, which are resuming IT spending after delaying purchases during last year's downturn. VMware, majority-owned by EMC Corp., posted a profit of US\$74.5 million.

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Hardware

- **Apple Inc. will report that profit more than doubled last quarter, analysts predict, reflecting demand for the iPad tablet and early sales of the iPhone 4.** Apple may say net income in the fiscal third quarter surged to US\$2.87 billion. Profit boosted to US\$1.23 billion. Revenue likely surged 76 percent. The results will give the first indication of the impact of the new tablet. Apple sold 3 million iPads in 80 days. The period includes three days of sales of the iPhone 4, which broke early records even as it drew fire for a design flaw that results in diminished call reception. After the phone's debut, users complained of lost reception when they held it in a certain way. Consumer Reports said it couldn't recommend the device because of the flaw. Less than 1 percent of users have reported the glitch to its customer service centers. The company is giving away cases to remedy the flaw.
- **Apple Inc., because of the success of its newest iPhone and recently launched iPad, is expected to become the world's second-biggest buyer of semiconductors next year, and potentially taking the top spot from Hewlett-Packard Co. by 2012.** The maker of Macintosh computers, iPhones and iPods is projected to spend US\$16.2 billion on semiconductors next year, leapfrogging current No. 2 Samsung Electronics Co. The company expects H-P to remain in first place next year, spending US\$17.1 billion. Apple's climb reflects the company's triumph with its iPhone 4, the latest version of the game-changing smartphone and its iPad tablet device, both of which have garnered tremendous sales. An advancement in the rankings means that a company has been successful in introducing new products and that it is allocating more dollars in research and development.

Alternative Energy

- **Google Inc. struck a 20-year deal to buy clean energy from a NextEra Energy Inc. wind farm, a move that places the Internet search giant in the wholesale energy market.** The company will begin buying 114 megawatts of wind generation at a fixed price from the Next Era Energy Resources Story County II facility in Iowa. The company will sell the power back to the energy grid via the regional spot market. The move will help Google partially protect itself from future increases in power prices as well as reduce its carbon footprint. It will also give the wind farm developer financial certainty so that it can build additional clean-energy projects. The agreement follows a series of recent moves by Google in the energy sector and is the first by Google Energy LLC. Google has invested in early-stage companies developing solar-, wind- and geothermal-power technologies, and surprised observers in February by winning regulatory approval to trade in U.S. wholesale electricity markets.

Europe

Mobile/ Wireless

- **Nokia Oyj, losing ground to competitors such as Apple in the smartphone market, is looking to replace Chief Executive Officer Olli-Pekka Kallasvuo.** Nokia will make a decision by the end of the month, which cited unidentified people familiar with the situation. A new CEO would need to convince investors that Nokia is capable of delivering devices that can compete with Apple's iPhone and RIM's BlackBerry. Nokia has been unable to develop a smartphone with the same mass appeal as the iPhone that changed the industry with its thousands of applications. The Finnish company has been forced to cut prices, sacrificing profits to defend its market share.

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Semiconductors

- **STMicroelectronics NV had a second-quarter profit as sales surged in its auto, consumer and industrial segments.** Net income was US\$356 million, compared with a net loss of US\$318 million a year earlier. Sales boosted to US\$2.53 billion from US\$1.99 billion. Intel Corp. had third-quarter sales of about US\$11.6 billion, topping analysts' estimates. Chipmakers and the manufacturers that rely on their products have struggled to complete orders this year as a rapid increase in demand constrained supplies. Hitachi Ltd. had trouble supplying electronic controls to Nissan Motor Co. because of a lack of chips Revenue will increase 13 percent to 19 percent in the third quarter. That equates to as much as US\$2.71 billion.
- **Intel Corp. is likely to reduce its planned investment in its 12-inch chip plant in Dalian, a coastal city in Northeast China's Liaoning Province.** The company has made several adjustments in the project. The company will cut the planned monthly production output by 25 percent from 52,000 pieces to 39,000 pieces. It also reduced the number of production equipment by 56 percent to 534 sets. The chipmaker will possibly invest over US\$1 billion in the Dalian plant, much less than US\$2.5 billion promised when the plan first unveiled. The municipal government of Dalian will support the project by providing preferential policies, said Xia Deren, mayor of Dalian. The plant was put into construction two years ago, and is scheduled to start production this October.

Telecommunications

- **Nokia Siemens Networks will spend US\$1.2 billion in purchasing Motorola's wireless network assets which will significantly boost its presence in the U.S. and Japan.** Nokia Siemens sees to garner at least 50 new customer relationships through the addition of Moto's mobile infrastructure arm. In revenue terms the deal will propel it to the number three spot in the U.S. wireless equipment market, make it the number one foreign wireless vendor in Japan, and strengthen its number two position in the global infrastructure market. The deal is expected to close by the end of 2010, and will see approximately 7,500 Motorola employees transferred to Nokia Siemens. Nokia Siemens will not be firing Motorola staff transferred as a result of the deal, and will not transfer any of the 1,600 employees currently located in Illinois.
- **Nokia Siemens Networks won a US\$7 billion-contract to deploy and maintain a new U.S. mobile broadband network, cementing its presence in the North American market a day after agreeing to buy the majority of Motorola Inc.'s network-equipment business.** Under the eight-year contract Nokia Siemens will roll out a fourth-generation network with around 40,000 base stations that will cover 92 percent of the U.S. population by 2015. LightSquared faces significant financial, regulatory and competitive hurdles in creating and launching its service. The company announced up to US\$1.75 billion in debt and equity financing, but additional funding will be needed.
- **TeliaSonera AB had a 17 percent rise in second-quarter net profit and said there were signs of recovery in some of its recession-struck markets.** Macroeconomic conditions improved in key markets such as Kazakhstan, and there were early signs of recovery in Estonia. TeliaSonera expects sales growth in 2010 to be in line with the 2.9 percent posted in the first half. The company had previously guided for somewhat higher sales growth in local currencies and before acquisitions this year compared with 2009. It also guided for a capital expenditure to sales ratio of 14 percent-15 percent for the year. TeliaSonera had net profit of 5.2 billion Swedish kronor (US\$712 million) for the three months. TeliaSonera's second-quarter earnings were generally in line with expectations while its operations in regions such as Russia, Turkey and Central Asia showed quite healthy sales growth.

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- **Deutsche Telekom AG will expand its Internet products in foreign markets, according to Chief Executive Officer Rene Obermann.** Smaller acquisitions, such as in the Internet sector, would however be possible. Extending the reach of its Internet products overseas would allow Deutsche Telekom to tap into new markets without having to buy its own network.
- **Telenor ASA posted higher second-quarter net profit, boosted by strong revenue from its Asian operations and a gain from the merger of two associated companies, and said it will launch a new share buyback program.** The company expects capital expenditure, excluding licenses and spectrum, of 12 percent-13 percent of sales in 2010, declined from previous expectations for 13 percent-14 percent of sales. It said it expects organic revenue growth in 2010 of 3 percent-5 percent. The company will buy back 3 percent of shares in 2010. Telenor posted net profit of 9.49 billion Norwegian kroner (US\$1.52 billion) for the three months to June 30. Telenor previously would make a large gain due to the finalized merger of associated companies Vimpelcom and Kyivstar. Telenor and its Russian partner Alfa Group last year will merge Ukrainian operator Kyivstar and Russia's Vimpelcom into a new company, ending a long-running legal dispute between the two main owners. The deal was completed in April this year.
- **China Telecom Europe has experienced strong growth and is looking to extend its footprint in Central and Eastern Europe and Africa, as well as seeking to acquire an applications provider to bring services to end users.** The company is working on the launch of a new terrestrial cable route between China and Europe to improve latency and make its offering more attractive to enterprise and carrier customers. China Telecom Europe has three terrestrial routes connecting Europe and Asia: TEA and China-Russia 2, plus the recently-opened Transit-Mongolia link that connects Beijing into the other two via a shorter, cross-Mongolia route. Current terrestrial links between Beijing and London can provide round-trip latency of 180 milliseconds, compared with 240 milliseconds on an Indian Ocean submarine cable.
- **France Telecom could acquire a minority stake of online music streaming site Deezer.** France Telecom and Deezer are forming a partnership to provide Deezer's online music streaming service, Wormee, to customers of France Telecom's Orange brand in France starting in September. France Telecom is seeking partnerships with content producers to enhance its offer to customers.
- **An investor group is calling for a revamp of Vodafone Group PLC's board due to concerns about the company's strategy and track record on acquisitions.** Ontario Teachers' Pension Plan, or OTPP, which holds a 0.42 percent stake in the world's biggest mobile-network operator, will vote against the re-election of non-executive Chairman John Bond and Deputy Chairman John Buchanan at its annual shareholder. OTPP will vote for the re-election of Chief Executive Vittorio Colao. Vodafone recently booked an impairment charge on its India operations due to competition and a fierce price war. Calao has turned his attention to cash generation and shareholder returns by developing the U.K.-based group's high-growth operations in Asia, Africa and central Europe.
- **Ericsson AB missed analysts' estimates for second-quarter profit as phone companies spent less on telecommunications infrastructure.** Net income boosted to 1.88 billion kronor (US\$260 million) from 831 million kronor a year earlier. Revenue dropped 8 percent. Ericsson's equipment business suffered as operators held back on spending and merged networks to cut costs. The unit's sales declined 12 percent, with revenue in India, China and Southeast Asia falling the most. Sales in India declined 63 percent as the government imposed new regulations on telecommunications gear. The company expects the component shortages to ease gradually in the second half.

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Media, Gaming and Entertainment

- **Cable & Wireless Worldwide PLC became the first U.K. company to issue a profit warning directly linked to the government's recent austerity budget, sending its shares sharply lower.** Non-contracted spending in the U.K. public sector has slowed very significantly since the new coalition government's emergency budget in late June. Cable & Wireless Worldwide, which specializes in offering communications services such as Internet Protocol, data, voice and hosting to large enterprise, reseller and carrier customers, generates around 12.5 percent of its total revenue from the public sector. C&W's chief executive expects market consensus of the U.K. telecommunications group's fiscal 2011 earnings to be revised down to around 450 million pounds (US\$694 million). Market consensus for EBITDA is expected to settle just over 450 million pounds (US\$694 million). Annual EBITDA would be at the lower end of expectations, without being specific. Prior to the revised guidance, the EBITDA consensus had been between 452 million pounds (US\$697.5 million) and 484 million pounds (US\$746 million) for the year. Cable & Wireless Worldwide generates around 12.5 percent of its total revenue from the U.K. public sector.
- **BSkyB will sell Easynet Global Services to private equity company LDC for 100 million pounds (US\$154 million).** Satellite TV provider BSkyB will retain the U.K. network assets it gained as part of its acquisition of Easynet in 2005. However, BSkyB and LDC will broker a long-term agreement that will enable Easynet to continue using BSkyB's fiber network. Easynet will also continue being a supplier to BSkyB. The 100 million pounds (US\$154 million) purchase price is payable on completion of the deal, which is subject to certain regulatory and employee group approvals. The new owner has already given its backing to current Easynet CEO David Rowe and the company's management team.
- **Bertelsmann AG's RTL Group SA will sell its U.K. television station Channel 5 to Richard Desmond, owner of the Daily Express newspaper and Television X adult channel, for 125 million euros (US\$161 million) in cash.** Channel 5, which broadcasts shows such as crime series "CSI" and "Law & Order," will be sold to Desmond's Northern & Shell holding company with immediate effect. The disposal is in line with RTL Group's strategy of being number one or two in each of our markets. With a significant recovery of the U.K. TV advertising market and Five performing well in the first half of 2010, we saw a window of opportunity. The U.K. TV market is overcrowded.

Hardware

- **Tyco Electronics Ltd. swung to a fiscal third-quarter profit as sales and margins surged.** Earnings topped expectations and the maker of electronic components for autos and consumer devices raised its earnings outlook for the year to US\$2.49 to US\$2.53 a share from April's upbeat view of US\$2.32 to US\$2.40 and it sees revenue at the higher end of prior expectations. Tyco Electronics has benefited in recent periods as customers restocked inventories, though concerns have arisen over whether consumer spending can hold up amid persistent unemployment and heavy debt loads. The company bolstered its portfolio of communications gear this month, agreeing to buy ADC Telecommunications Inc. for US\$1.24 billion.

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South Africa/Middle East/Latin America

Telecommunications

- **Mobile Telecommunications Co. Saudi Arabia, better known as Zain Saudi Arabia, said its second-quarter net loss narrowed to 632 million Saudi riyals (US\$168.5 million) as it added subscribers.** Second-quarter operating losses for the company, which is 25 percent owned by Kuwait's Mobile Telecommunications Co., fell 56 percent compared with the same period in 2009. The company had its gross income stood at SAR608 million (US\$162.1 million) in the April-June period this year, while revenue more than doubled to SAR1.5 billion (US\$399 million). Zain expects to garner more than 7 million customers. The company's coverage in the kingdom will reach 93 percent in 2010. Its gross profit margin boosted to 42 percent against 19 percent for the same period in the previous year.
- **Etihad Atheeb Telecommunication Co., which started operations in July, posted a first-quarter net loss of 160.8 million Saudi riyals (US\$42.9 million).** The company attributed the loss to the fact that it is yet to launch all of its planned products in a statement posted on the Saudi bourse website. Etihad Atheeb had previously changed its financial year-end from Dec. 31 to March 31. This is the first quarterly result the company has posted on the bourse.
- **Saudi Telecom Co. (STC) had its second-quarter net profit fell 31 percent to SAR2.1 billion (US\$549.9 million).** EFG-Hermes expected STC to post a second-quarter net profit of SAR1.6 billion (US\$426 million). STC attributed the decline mainly to a rise in capital expenditure on its foreign investments in telecom operators, lower prices of international calls and higher fees related to using external networks. Second-quarter operating profit fell 27 percent. The company is facing increasing competition in its home market as new players chip away at its subscriber base. Its mobile subscriber base boosted 9 percent from a year earlier and it saw a 12 percent rise in broadband internet users during the three-month period.
- **Net Servicos de Comunicacao SA had second-quarter net profit of 56 million reais (US\$31 million).** The company attributed the reduction of its net profit in the period to the depreciation of Brazilian reais versus the U.S dollar, which impacted its debts-service costs. EBITDA margin at the end of the second quarter was 29 percent. The company's second-quarter net revenue boosted 19 percent. Cable-TV subscriptions boosted 12 percent to 3.88 million clients during the quarter, while broadband service subscriptions boosted 19 percent to 3.1 million. Internet phone services boosted 21 percent to 2.76 million clients.
- **Vodacom Group Ltd. had its fiscal first-quarter revenue was little changed despite the addition of almost 1 million customers in other parts of Africa as it struggled in its home market.** Mobile operators are increasingly targeting the continent. MTN Group Ltd., is targeting an additional 20 million subscribers this year, while India's Bharti Airtel Ltd. has will spend more than US\$1 billion upgrading newly acquired networks in Africa.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 7/23/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	87.5100	1.0%	-3.3%	-5.8%	-5.1%
Hong Kong dollar	HK\$/ US\$	7.7665	-0.1%	-0.1%	0.2%	0.2%
Chinese renmenbi	RMB/ US\$	6.7803	0.1%	-0.5%	-0.7%	-0.6%
Singapore dollar	S\$/ US\$	1.3702	-0.5%	-1.0%	-2.5%	-6.2%
South Korean won	KRW/ US\$	1,198.5000	-0.3%	1.3%	3.0%	-9.0%
New Taiwan dollar	NT\$/ US\$	32.0950	0.0%	0.0%	0.5%	-2.1%
Australian dollar	US\$/A\$	0.8955	3.1%	2.6%	-0.2%	26.1%
New Zealand dollar	US\$/NZ\$	0.7270	2.3%	3.1%	0.4%	24.3%
Philippine peso	PHP/ US\$	46.2600	-0.3%	1.5%	-0.4%	-2.0%
Euro	US\$/€	1.2911	-0.2%	5.3%	-9.8%	-7.0%
British pound	US\$/£	1.5438	0.9%	4.3%	-4.4%	6.3%

Fixed Income Prices and Yields

Note	Currency	Current (on 7/23/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	106.13	4.06%	107.59	3.98%	104.69	4.10%
Japan 30-year	¥	108.99	1.91%	108.39	1.94%	104.62	2.05%
Hong Kong 10-year	HK\$	101.05	2.43%	100.35	2.51%	98.57	2.59%
China (06/16)	US\$	109.38	3.05%	109.38	3.05%	109.38	3.05%
Singapore 10-year	S\$	108.80	2.28%	108.54	2.31%	106.36	2.53%
South Korea 20-year	KRW	10,594.48	5.14%	10,533.82	5.18%	10,346.34	5.23%
Australia 15-year	A\$	103.82	5.31%	104.60	5.23%	103.42	5.36%
New Zealand (12/17)	NZ\$	104.69	5.50%	104.73	5.49%	103.43	5.54%
Philippines 20-year	PHP	101.37	8.79%	101.27	8.80%	98.81	8.88%
India 30-year	INR	83.44	8.54%	83.42	8.54%	82.16	8.50%
UK 30-year	£	99.16	4.34%	101.81	4.21%	100.37	4.23%
Germany 30-year	€	125.46	3.39%	127.219	3.31%	124.90	3.41%

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