



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

***Week of 9 August 2010 - 15 August 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<br>(8/13/2010) | % Change<br>1 Week Ago | % Change<br>1 Month Ago | % Change<br>12/31/2009 | % Change<br>12/31/2008 |
| S&P 500                   | 1,079.25                     | -3.8%                  | 0.0%                    | -3.2%                  | 19.5%                  |
| Dow Jones Industrial Avg. | 10,303.15                    | -3.3%                  | 0.9%                    | -1.2%                  | 17.4%                  |
| Dow Jones Tech. Index     | 372.55                       | -5.5%                  | -2.4%                   | -7.5%                  | 48.2%                  |
| Dow Jones Telecom. Index  | 213.36                       | -1.8%                  | 5.9%                    | -2.8%                  | 6.8%                   |
| NASDAQ Composite          | 2,173.48                     | -5.0%                  | -1.1%                   | -4.2%                  | 37.8%                  |
| Japan Nikkei 225          | 9,253.46                     | -4.0%                  | -3.1%                   | -12.3%                 | 4.4%                   |
| JASDAQ                    | 48.44                        | -1.4%                  | -5.9%                   | 0.2%                   | 0.5%                   |
| Japan Mothers             | 373.85                       | -1.2%                  | -5.7%                   | -10.2%                 | 15.6%                  |
| Korea KOSPI Composite     | 1,746.24                     | -2.1%                  | 0.7%                    | 3.8%                   | 55.3%                  |
| Korea Kosdaq              | 477.17                       | -0.3%                  | -3.9%                   | -7.1%                  | 43.7%                  |
| Taiwan Stock Exchange     | 7,891.58                     | -0.9%                  | 3.3%                    | -3.6%                  | 71.9%                  |
| Singapore Strait Times    | 3,503.17                     | 0.1%                   | 0.0%                    | 17.1%                  | 98.9%                  |
| Hong Kong Hang Seng       | 21,071.57                    | -2.8%                  | 3.0%                    | -3.7%                  | 46.5%                  |
| Hong Kong GEM             | 787.25                       | -2.5%                  | 3.5%                    | 16.3%                  | 104.2%                 |
| China Shanghai (A-Share)  | 2,731.51                     | -2.0%                  | 4.6%                    | -20.5%                 | 42.9%                  |
| China Shenzhen (A-Share)  | 1,155.46                     | -0.4%                  | 11.0%                   | -8.4%                  | 98.7%                  |
| China Shanghai (B-Share)  | 244.52                       | 0.4%                   | 8.8%                    | -3.1%                  | 120.5%                 |
| China Shenzhen (B-Share)  | 659.08                       | 1.2%                   | 9.8%                    | 5.3%                   | 143.0%                 |

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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 Data*

- **According to Ericsson Chief Technology Officer Hakan Eriksson, global mobile data traffic has nearly tripled in the last year, growing more than 10 times faster than voice driven by laptops connecting to 3G networks, as well as by smartphones like Apple's iPhone and those powered by Google's Android software.** Mobile data traffic could continue to double annually through 2020. Carriers could profitably meet demand for mobile data through a combination of more spectrum, building new base stations and with enhanced technologies to squeeze more capacity out of current network infrastructure. Base stations are sited in specific locations to create the honeycomb of connections that create a mobile network. Pico base stations are much cheaper and are designed to add capacity within areas that already are covered by large towers or masts.

#### *Semiconductor*

- **According to analyst firm Dell'Oro Group, revenues generated by femtocell deployments worldwide will reach US\$4 billion by 2014, with the EMEA region leading the way.** Promoting a new report on the femto market, Dell'Oro noted that while it is still early days for the technology, there will be a significant increase in commercial deployments next year, with an inflection point coming in 2012. More than 80 percent of the 2014 unit shipments will be WCDMA femtocells. Growth in the Europe, Middle East and Africa region will help keep that WCDMA percentage high. North America currently leads the market, mainly thanks to the fact that its three largest mobile operators have all launched commercial femtocell offerings. That position will remain unchanged in 2010, with North America reporting the highest shipment volumes in the world. However, EMEA will take over by 2014, boosted by a number of deployments expected to take place in 2012.

### Japan

#### *Hardware*

- **Hewlett-Packard Japan Ltd. has been ordered to pay around 23 billion yen in additional tax for its alleged failure to declare about 47 billion yen (US\$544.8 million) in taxable income in Japan over two years through October 2006.** The Japanese unit of the U.S. computer maker has apparently challenged the claim. The Tokyo Regional Taxation Bureau concluded that the roughly 47 billion yen (US\$544.8 million) that the Japanese subsidiary logged as expenses paid to its U.S. parent were not deductible, saying it was not evident for what services the amount had been paid.

#### *Mobile/ Wireless*

- **Domestic shipments of mobile phones, including PHS handsets, totaled 17.24 million units in the January-June period, according to the Japan Electronics and Information Technology Industries Association.** The figure is a 5 percent increase from the same period the previous year, when the economic downturn slammed sales. The large number of new models introduced this spring helped boost shipments. The half-year figure is still only 66 percent of that for the January-June period of 2008. A major reason for the decline is that carriers have stopped providing sales incentives, sending handset prices higher and therefore cooling replacement demand. June shipments fell 5 percent on the year to 3.75 million phones, for the first slide in three months.

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## *Media, Entertainment and Gaming*

- **U.S. Web 2.0-based social network game developer Zynga has acquired Unoh, one of Japan's leading social games companies.** Unoh will be part of the foundation of Zynga Japan's mobile product efforts, which will be a joint venture between SoftBank Group and Zynga, accelerating Zynga Japan's entry into the Japanese social gaming market. Unoh is one of Japan's pioneering social game companies, founded in 2001, with top hits Machitsukul, Band Yarouyo!, and Kaizoku Chronicle. In addition to maintaining Unoh's games on mixi, Mobage-town, and GREE, Zynga Japan will also localize Zynga games and develop new games targeted at the Japanese market.

## *Telecommunications*

- **Japanese mobile operators added 557,900 new subscribers in July to reach a total of 114.27 million mobile subscribers, figures from the Telecommunications Carrier Association (TCA) show.** Softbank again led in subscriber additions in July as it added 279,500 new customers to bring its total to 22.852 million. NTT Docomo gained 145,100 new subscribers to reach a total of 56.659 million, while Emobile won 81,500 new customers to end July with a total of 2.618 million customers. KDDI ended the month with 32.143 million subscribers after adding 51,800 new customers. Troubled PHS provider Willcom shed 46,900 customers, which brings the company's total to 3.835 million. Willcom has filed for bankruptcy and has begun a rehabilitation process.
- **Internet Initiative Japan's (IIJ) fiscal first-quarter revenues ending June 2010 was nearly flat at 15.81 billion yen (US\$183.3 million).** Connectivity and outsourcing services revenue grew 2 percent and gross margin for this segment was up 1.6 percent to 17.8 percent. SI revenues fell 4.7 percent and gross margin fell 2.3 percent to 23.4 percent. Equipment sales grew 5.7 percent and its gross margin grew was up 4.5 percent to 17.4 percent. Net profit grew 36.8 percent. The company expects connectivity and outsourcing services to grow as demands for bandwidth and outsourcing are anticipated and demands for cloud computing are growing. IIJ aims to complete the transaction to acquire AT&T Japan on 1 September.
- **NTT DoCoMo, Inc. is rumored to invest an additional US\$1,000 million in Tata Teleservices Limited (TTSL).** The transaction might give NTT DoCoMo, which currently owns a 26 percent stake in TTSL, an additional 10 percent to 15 percent in TTSL. While part of the stake may be acquired by infusing funds in TTSL, Tata Group companies could sell part of their holding to NTT DoCoMo.
- **Japan's NTT Data Corp. has acquired all outstanding shares in U.K. system engineering company Chelford SAP Solutions Ltd.** The cost of the purchase, made via German subsidiary itelligence AG, has not been disclosed. Chelford generated roughly 10 million pounds (US\$15.9 million) in sales for the year ended Dec. 31, 2009, and employs about 60. It caters mainly to midsize companies in the wholesale, retail and consumer goods businesses, installing enterprise resource planning systems from German software company SAP AG. NTT Data will integrate Chelford with the U.K. operation of itelligence, which offers SAP software mainly to manufacturers, as part of efforts to expand in Europe.
- **KDDI is investing 448 million yen (US\$5.2 million) in augmented reality company Tonchidot by subscribing for an allocation of new shares by Tonchidot.** KDDI and Tonchidot have cooperated in several innovative business initiatives in Augmented Reality (AR) for smartphones and mobile phones. Through this investment, KDDI and Tonchidot intend to further strengthen the cooperative relationship to expand Sekai Camera's user base among smartphone and mobile phone

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users. Plans include billing games utilizing KDDI's mobile billing platform and collaboration in building an advertisement business. The two companies also plan to create new services by leveraging KDDI's ability to procure various content, and by utilizing KDDI group's knowledge in research and development in augmented reality. Tonchidot launched Sekai Camera in 2009 and KDDI launched the Android version of Sekai Camera, an augmented reality application. In July the company launched Sekai Camera Zoom for au mobile phones.

## Korea

### *Telecommunications*

- **KT, the country's largest fixed-line operator and second-largest mobile carrier, announced that it will be lending out its networks to three "mobile virtual network operators," shortly after that type of telecommunications firm was legalized.** Korea's National Assembly passed a bill early this year to allow MVNOs to enter the telecom market in efforts to lower barriers to entry and increase competition in the country's highly saturated telecom market, which has so far been dominated by three companies: SK Telecom, KT and LG U+, in order of market share. With the move, KT becomes the first of the three to deal with an MVNO. KT will lend its networks to three companies: Entaz, which will offer a mobile portal service with games, cartoons and electronic books, Free Telecom and Evergreen Mobile, which will offer prepaid voice call and data usage services targeting temporary customers such as foreign visitors.
- **Hynix Semiconductor planned to invest 677.0 billion won (US\$572.7 million) to expand an existing facility.** Hynix would spend the money to upgrade the facility as well as on research and development.

## China

### *Internet*

- **Sohu restructured its wireless division by merging its mobile portal businesses into internet divisions, while keeping some services including ringing tones, short messages, games and social networking within the wireless division.** The general manager for the restructured wireless division will be Sohu Vice President Fang Gang. Sohu's former GM Yue Guofeng left for Baidu's newly established wireless internet division.
- **Ctrip.com International's net income increased 48 percent year-on-year and 24 percent quarter-on-quarter to US\$34.68 million in the second quarter of 2010.** Total revenues reached US\$109.36 million in the quarter. Hotel reservations contributed US\$46.62 million as hotel reservation volumes surged 34 percent year-on-year, and commission per room night boosted 5 percent year-on-year. The company's air ticketing business had US\$45.30 million. Packaged-tour revenues in the quarter were US\$9.89 million, while corporate travel revenues surged 83 percent year-on-year to US\$4.96 million on accelerating demand for corporate travel. The company expects net revenue of 35-40 percent above the US\$80 million recorded in the third quarter of 2009.
- **Alibaba.com Ltd. had a 45 percent jump in second-quarter net profit to 363 million yuan (US\$53.6 mm) because of accelerating subscriber growth and boosting use of its value-added services.** Revenue from domestic market expanded by 41.1% from the second quarter of 2009 and 15.9% from the first quarter of 2010 contributing 34.5% to the total revenue. The company saw early



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signs of margin improvement after declaring 2009 a time for investments meant to boost revenue and margins later on. But it sees China's exports growth to decline in coming quarters, which could crimp the prospects for the many small and medium-sized Chinese exporters on Alibaba's site. As of June 30, 2010, the Alibaba had had 39.794 million registered users and 6.252 million registered storeowners at home, up 3.639 million and 832,815 from March 31, 2010, respectively. Total revenue amounted to 1.366 billion yuan (US\$201.7 mm), leaping 48.6% from a year ago and 11.9% from the previous quarter. Over 25 percent of users in Alibaba's China Gold Supplier paid-membership class used value-added services in the first half of the year. Alibaba sees the company's value-added service penetration among members in each marketplace to boost more than 5 percent year-on-year in coming years. Alibaba added at least 51,000 customers for the China TrustPass program for marketing on its China website. It also gained 5,100 subscribers to the company's export-oriented China Gold Supplier program. Alibaba also said it will acquire U.S. companies to widen its overseas business. The company accomplished its acquisition of Vendio Services Inc. to surge its overseas business. The purchase is part of the US\$100 million that Alibaba has set aside for investment in its AliExpress website, which is aimed at U.S. online merchants.

## *Telecommunications*

- **China Wireless Technologies Ltd.'s net profit for the first half of this year skyrocketed 740.4 percent year on year to HK\$272 million (US\$35 million).** Its operating revenue in the period from January to June was 193.8 percent more than in the same period of last year. China Wireless Technologies attributed the surge in operating revenue of HK2.1 billion (US\$270.3 million) to the significant growth in China's 3G handset users and a robust increase in its 3G Coolpad handset sales. The company's revenue from 3G Coolpad smartphone sales were HK\$1.8 billion (US\$231.7 million) 626.1 percent more than the same period of last year. Sales volume hit 1.42 million units, compared to 100,000 units a year earlier.
- **Spreadtrum Communications, Inc. released its financial report for the quarter ending June 30, 2010.** Net profits amounted to US\$11.1 million, in contrast to net loss of US\$13.1 million a year ago and net profits of US\$ 6.6 million a quarter ago. Total revenue rose 341 percent year on year and 37 percent quarter on quarter to US\$71.4 million, bigger than the earlier expected US\$65 million-US\$68 million. The board of Spreadtrum Communications Inc. also appointed president and CEO Leo Li as the company's board chairman. Independent director Scott Sandell was assigned as the lead director of the fabless semiconductor company.
- **Telestone Technologies Corp's second-quarter profit declined 15 percent to US\$1.7 million, or 16 cents a share, compared with US\$2.0 million, or 19 cents a share, due to accelerating operating expenses as the developer of telecom networks technology shifted focus to high-margin wireless fiber-optic systems, sending its shares down 20 percent in extended trade.** The company increased sales and marketing efforts to secure higher-margin wireless fiber optic distribution system (WFDS) projects and installations. Revenue from WFDS installations accounted for about 21 percent of revenue in the first half of the year. Revenue rose 37 percent to US\$16.6 million. Operating expenses more than doubled to US\$5.3 million.
- **China Tietong, formerly China Railcom and a wholly-owned subsidiary of China Mobile, is expected a 35 percent growth in subscribers this year, reaching a total of 10 million subscribers by the end of this year.** To accommodate for an expected 70 to 100 percent in traffic on its network, China Tietong has selected Huawei Technologies as the sole supplier for an expansion of its CTTNET nationwide IP network. Under the scope of the deal, China TieTong will deploy



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Huawei's NE5000E routers, which, according to Huawei, can support a port capacity of 2.56Tbps, and is scalable to 200Tbps.

## *Media, Entertainment and Gaming*

- **China's Ministry of Culture has given approval for NetEase.com Inc. to operate the Wrath of the Lich King (WLK), an expansion pack for leading online game World of Warcraft (WoW).** Approvals from both the General Administration of Press and Publications (GAPP) and MoC are required to operate imported online games in China. NetEase received GAPP approval for the expansion in late July. NetEase's total revenue from WoW including WLK would amount to US\$272 million in the third quarter of 2010. WoW's aggregate concurrent user (ACU) figure is also expected to increase by 20 percent in the same period.
- **Perfect World Interactive President Zhu Qi reveals that Beijing Perfect World Co., Ltd. has not talked with Electronic Arts about any capital cooperation.** Some reports were made that EA intended to gear up in North America and China through taking stake in the Chinese online game developer and operator. Zhu points out that the company is cautious to launch mergers and acquisitions, but will not miss any opportunity. Perfect World Board Chairman and CEO Michael Chi have reiterated that Chinese online game companies rely on globalization for their future growth. Besides interactive entertainment business, Perfect World lately adjusted the development strategy of its movie and TV opera operations. Affiliated Perfect World Culture Communication Co., Ltd. earlier acquired the majority stake in two Chinese peers.
- **CDC Corporation recorded a net loss of US\$7.9 million in the second quarter of 2010, further deepening the previous quarter's loss of US\$3.6 million.** The company had revenues of US\$78.6 million in the second quarter, an increase from US\$77.8 million in the prior period. CDC Software contributed revenues of US\$52.6 million in the period, up from US\$50.5 million in the prior quarter due to improved license sales and increased SaaS revenue. CDC Global Services saw revenues fall to US\$15.8 million from US\$16.4 million in the previous quarter. Revenues from the company's games unit CDC Games fell to US\$7.1 million in the second quarter from US\$7.97 million in the first quarter of 2010 and US\$9.5 million in the year-ago period. The company's portal site, China.com, reported revenues of US\$3.09 million in the period, up from US\$2.9 million in the prior quarter and compared with US\$3.1 million in the same period last year.
- **Giant Interactive generated net income of 186.02 million yuan (US\$27.22 million) or 0.79 yuan (US\$0.12) per share for the second quarter.** Revenues were 321.65 million yuan (US\$47.43 million), with online game revenue accounting for 313.79 million yuan (US\$46.27 million). The company attributed the quarterly revenue and net income growth to recovery of its game ZT Online as well as the contribution of other recently launched games such as King of King's III and XT Online. Aggregate concurrent users (ACU) for online games in the quarter was 670,000, increasing 48 percent over the year-ago period and 13.9 percent sequentially, while aggregate peak concurrent users (PCU) increased 15 percent year-on-year and 2.8 percent quarter-on-quarter to 1.66 million, said the report. The number of active paying accounts (APA) increased 19.2 percent year-on-year and 4.5 percent quarter-on-quarter to 1.44 million.

## *Mobile/ Wireless*

- **GrenTech's revenues for the second quarter decreased 12.5 percent to 370.4 million yuan (US\$54.5 million) from 423.2 million yuan (US\$62.3 million) in the year-earlier quarter.** Revenue in Q2 is in line with more traditional seasonal patterns. The company sees growth from this segment to

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be caused by the accelerating sales to China Mobile, the introduction of new products and an increased proportion of higher margin integrated services. The company's new products targeted at Chinese telecommunication operators, as well as other industrial users, also made an important contribution to the revenue. Gross margin fell to 24.9 percent. With the company's current sales pipeline and strategy to increase higher margin products in its portfolio mix, the company expects to achieve growth in revenue and net income this year. GrenTech is a China-based wireless coverage products and services provider and radio frequency ("RF") technology developer,

- **Lin Yu, founder and CEO of NetQin Mobile Inc., a mobile phone security service provider, reveals that NetQin has attracted three rounds of venture capital investments, financing US\$35 million.** Lin Yu said that within three years, the company will float shares on capital markets. NetQin is providing mobile phone security service for more than 55 million users in over 200 countries and territories around the world and taken more than 68 percent of the Chinese market. From the fourth quarter of 2009, the company began to make profits. NetQin does not charge users for anti-virus service and only asks for payment for the update of virus database.

## *Alternative Energy*

- **JA Solar generated 196.22 million yuan net income (US\$28.94 million) in the second quarter of 2010.** Revenues for the quarter boosted 25 percent reaching 2.4 billion yuan (US\$350.2 million) sequentially as gross margin was at 23.1 percent up from 22.9 percent. The company had second quarter shipments of 311MW, boosting by 14 percent sequentially. Combined with first quarter shipments of 272MW. The firm sees shipments in the third quarter of 375MW, and raised its annual shipment guidance to over 1.35GW. The company boosted its expectations for production capacity by the end of 2010 to 1.8GW. JA Solar's module capacity should reach 500MW, and wafer capacity is seen to be at 300MW by the end of the year.
- **LDK Solar generated US\$45.05 million net income in the second quarter of 2010.** LDK Solar shipped 510.5MW of wafers and 73.9MW of modules in the quarter. The company estimated its annualized wafer capacity by the end of the quarter at 2.3GW. The company booked revenues of US\$565.29 million. Gross margin for the second quarter was 18 percent. For the 3<sup>rd</sup> quarter of fiscal year 2010, LDK Solar estimates revenues will be at US\$570 million to US\$600 million with wafer shipments between 520-550MW, and module shipments of 75-85MW. The company's new revenue will be between US\$1.95 billion and US\$2 billion, based on wafer shipments of 1.95-2GW and module shipments of 250-300MW.
- **ReneSola reported second quarter net income of US\$36.06 million compared to net loss of US\$3.59 million in the year-ago period.** Solar products shipments for the quarter boosted 6.6 percent sequentially to a total of 258.3MW, including 206.7MW of wafers in the period, down 6.9 percent sequentially, and 50.6MW of modules in the quarter. Net revenues boosted by 22.9 percent quarter-on-quarter to US\$253.88 million. Gross profit margin was at 30.2 percent. Renesola sees costs declining to US\$0.46/W to US\$0.48/W by the end of 2011. Renesola expects to have total shipments of 280-310MW, generating revenues of US\$300 million to US\$320 million. The company had adjusted its full year 2010 revenue estimates from US\$1 billion to US\$1.05 billion with a gross profit margin of 25-27 percent. Renesola shall expand wafer production capacity to 1.8GW from the current 1.2GW, while expanding module production capacity to 600MW from the current 375MW.
- **Suntech Power Holdings expected to have a net loss of US\$147 million to US\$179 million for the second quarter of 2010 due to impairment charges in a polysilicon maker investment as well as to restructuring of its Shanghai facility and to foreign exchange losses in the period.**

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The company will incur a net foreign exchange loss of approximately US\$35 million as a result of the depreciation of the Euro against the US dollar and non-cash charges of US\$106 million to US\$126 million in the quarter related to its minority stake in Shunda Holdings. The company invested in Shunda in the second quarter of 2008. The company also expects a thin film equipment non-cash impairment charge of approximately US\$50 million to US\$55 million following its decision to halt production of thin film panels at its Shanghai plant. Suntech will expand its crystalline silicon-based cell and module capacity at its Shanghai facility by 1GW.

## *Semiconductors*

- **Semiconductor Manufacturing International Corporation (SMIC) had a net profit of US\$96.03 million in the second quarter of this year, its first in 13 quarters.** Mainland chipmakers have struggled against a global decline in demand and against Taiwan-based manufacturers defending their market share, but rebounding sales have lifted the industry's profitability. Revenue boosted 42.5 percent to US\$381.1 million. Part of the profit is attributable to a change in the value of warrants and shares it has to pay Taiwan Semiconductor Manufacturing in settlement for an intellectual property and industrial espionage lawsuit last year. SMIC still had an operating loss of US\$12.1 million in Q2, which is less than the US\$28 million operating loss in absorbed in Q1.

## *Software*

- **SAP AG's revenue from software and software-related services in the Chinese market rose 20 percent in the second quarter of 2010.** Growth reached 10 percent in the first half of this year but no specific figures were disclosed by the company. The revenue it captured from software and software-related services in the whole Asia-Pacific region during April and June rose 18 percent reaching 307 million euros (US\$394.4 million). Aggregate revenue was up 12 percent to hit 366 million euros (US\$470.2 million).

## **Taiwan**

### *Mobile/ Wireless*

- **Based on Gartner, HTC Corp. was listed as the world's eighth-largest cell phone seller in the second quarter of this year, the first time the Taiwanese company has ranked among the top 10 mobile device companies in the world.** HTC sold 5.91 million cell phones, up 139.1 percent from a year earlier and representing a 1.8 percent share of the global market. HTC accounted for 0.9 percent of the total global cell phone sales, shipping 2.47 million units worldwide. The company's growth reflects the popularity of its Android portfolio but also a more aggressive branding strategy compared to the same period of 2009. Android became the world's third most popular smartphone operating system after overtaking Apple's iPhone OS, and also took the top spot in the United States. Global mobile device sales to end-users totaled 325.6 million units in the second quarter of 2010, up 13.8 percent from a year earlier. Smartphone sales totaled 61.6 million units, up 50.5 percent year-on-year, and made up 19 percent of worldwide mobile device sales.

### *Hardware*

- **Asustek Computer Inc had weaker than expected second-quarter and trimmed its laptop shipment forecast for this year as it sees uncertainties ahead in European and U.S. markets.** Asustek expected combined shipments of its regular notebook and low-cost netbook PCs to reach 4.1 million units in the third quarter, versus 3.9 million in the second quarter. Asustek CFO David Chang said the company's third-quarter sales would rise 5-10 percent from the second quarter, while 2010

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combined laptop shipments would reach 16-17 million units, lower than an earlier estimate of 18 million units. Technology sales typically peak in the third quarter on to back-to-school demand and pre-Christmas acquiring before slowing into the fourth quarter. Asustek made a net profit of NT\$3.32 billion (US\$104 million) in April-June, compared with a net loss of NT\$131 million (US\$4.1 million) a year ago when it was hit by foreign exchange losses. The profit was down by a third from the first quarter of 2010 and fell short of a consensus forecast of NT\$4.27 billion (US\$133.7 million) by Thomson Reuters.

## *Semiconductor*

- **Taiwan Semiconductor Manufacturing Co. had its sales in July continued to hit a record high on the back of strong global demand.** TSMC generated NT\$37.22 billion (US\$1.18 billion) in sales for the month. In the first seven months of this year, TSMC's sales increased by 61.8 percent year-on-year. Demand for consumer electronics remained robust, which boosted the global chip foundry business. UMC's sales in July rose 4.7 percent from June. TSMC had its production capacity was fully utilized in the second quarter of this year and that it expected full utilization to continue into the third quarter. The company also announced that it will raise its 2010 capacity expenditure to US\$5.9 billion from the previously planned US\$4.8 billion to further boost capacity.

## *Telecommunications*

- **Far EasTone Telecommunications (FET) has ended July with 6.276 million mobile customers, up from 6.263 million in June.** The total comprises 3.705 million 3G postpaid subscribers, 1.200 2G postpaid subscribers, and 1.372 million prepaid customers. Churn rate was stable at 1.8 percent and MOU was up to 1.405 billion versus 1.355 billion a month earlier.

## **Hong Kong**

### *Media, Gaming and Entertainment*

- **i-Cable ended first half 2010 with 234,000 broadband subscribers, down from by 16,000 customers in the period.** The voice conveyance service decreased by 5,000 to 147,000 lines in the period. Broadband turnover went down 13 percent and operating profit fell 32 percent. i-Cable has completed a technology upgrade for its broadband service to improve competitiveness. The company's television business grew its customer base by 9 percent to 1.086 million. Group turnover went up 12 percent to HK\$962 million (US\$123.8 million) from HK\$862 million (US\$110.9 million) a year earlier.

### *Internet*

- **Tencent boosted its net income for the second quarter of 2010 by 60.7 percent year-on-year.** Total revenues surged 62.2 percent year-on-year and 10.5 percent quarter-on-quarter to 1.92 billion yuan (US\$282.4 million). Internet value-added services, including online games boosted 66.1 percent year-on-year and 5.7 percent quarter-on-quarter, with online games revenues climbing 5.9 percent up quarter-on-quarter because of boosting monetization of Tencent's game Cross Fire and the launch of other MMORPGs. Tencent's QQ IM platform had 109.4 million peak concurrent users (PCU) in the quarter. Mobile and telecommunications value-added services (MVAS) revenues surged 43.4 percent annually and 9.0 percent sequentially, while online advertising boosted 63.6 percent yearly and 94.5 percent quarterly. The company had first quarter net profits acceleration of 72.2 percent year-on-year.

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- **PCCW Ltd. announced first-half profit rose 17 percent to HK\$765 million (US\$98.4 million) as the city's economic recovery helped to lift mobile-phone and broadband Internet revenue.** Revenue fell 8 percent to HK\$11.8 billion (US\$1.5 billion) from HK\$12.8 billion (US\$1.6 billion) largely due to PCCW's property unit sold fewer apartments during the period. The company will maintain its dividend payout ratio this year, lifting the stock, the best-performer on the MSCI Asia Pacific Telecommunications Services Index this year. Broadband Internet revenue rose 7 percent, helped by demand from subscribers for wireless services such as Wi-fi. Revenue at the mobile-phone division increased 1 percent. The company will continue to look for opportunities overseas, after turning down an offer to invest in Bulgaria's Vivacom. Li holds an interest in the Bulgarian carrier through his private company, Pacific Century Group.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Internet*

- **Yahoo plans to start investing in Indonesia with the country's estimated 15 million mobile users now patronizing their mobile devices.** Mobile Internet users made up 60 percent of the roughly 10 percent of the population with access to the Web. The 90 percent without access might just get into mobile Internet use, bypassing accessing the Web from desktop devices. The growth was more significant in Tier 2 cities, namely Semarang, Palembang and Makassar, which will have a 63 percent rise in Internet users in the 12 months to January this year.

### *Telecommunications*

- **Tulip Telecom Ltd. had a 8.6 percent acceleration in first-quarter consolidated net profit due to strong growth in its fiber services and wireless businesses.** Net profit for the April-June period surged INR641.6 million (US\$13.8 million). Consolidated sales boosted 18.5 percent to INR5.25 billion (US\$112.5 million). But the company had a non-operating loss of INR13.4 million (US\$8.3 million). The year-earlier quarter included a one-time gain to acquire back overseas bonds of INR144.6 million (US\$3.1 million). The operating margin in the just-ended quarter boosted 27 percent due to surging contribution from its high-margin fiber business and increased subscribers on existing infrastructure. The company had 6,000 kilometers of optical fiber and increased its client base to more than 600. The company's board has approved INR10 billion (US\$214.3 million) either in India or abroad via equity or debt.
- **Quippo Telecom Infrastructure Ltd. will boost INR16-17 billion (US\$343-\$364 million) by selling its stake in Wireless Tata Tele Info Services.** Wireless Tata Tele Info Services is a joint venture between Tata Teleservices Ltd. and Quippo Telecom Infrastructure. It provides telecommunications infrastructure, systems, networks and services with more than 10,000 cell towers across India. A total of around 15 percent-16 percent is being sold in the company for INR20 billion (US\$429 million). The additional INR3 billion (US\$64.3 million)-INR4 billion (US\$85.8 million) is a secondary sale by one of the existing shareholders. Three private-equity companies, of which one is SBI Macquarie, will acquire the stake in the tower company.
- **Reliance Communications Ltd. had a worse-than-expected fall in its first quarter consolidated net profit as heavy competition in India's telecommunication industry weighed on earnings and the operator made a provision for foreign exchange losses.** Reliance Communications joins Bharti Airtel Ltd. and Idea Cellular Ltd. in reporting muted earnings as the entry of several new operators in the world's fastest growing telecom market by subscribers dragged call charges and the



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average revenue per users lower, denting margins of the established players. Bharti Airtel, India's largest mobile phone company by number of subscribers and rival of Reliance Communications earlier this week posted a 32 percent decline in quarterly profit. Reliance Communications, India's second-largest mobile phone operator by subscribers, posted an 85 percent fall in net profit in the quarter to INR2.51 billion (US\$53.8 million) compared with INR16.37 billion (US\$350.8 million) a year earlier. Network opex declined 14% qoq due to reduction in fuel cost and maintenance cost. Wireless revenue growth of 2% qoq lacked Bharti's (6% qoq) and Idea's growth (10% qoq) as MOU/sub for other operators grew strongly. RCOM MOU declined 7% qoq as it cut down free minutes on its network; Global revenues declined 11% qoq (13% below GS est.) mainly due to higher competitive pressures in our view; SG&A was up 16% (7% above GS est.) mainly due to marketing expenses related to T20 tournament; and RCOM reported a net interest expense/forex loss of Rs 4.3 bn (vs. net interest income of Rs 6.2 bn in 1Q10 and Rs 8.1 bn in 4Q10).

- **Bharti Airtel Ltd. had profit slid 32 percent in the first quarter ended June 30 after the nation's phone companies cut prices to compete in India.** Net income decreased to INR16.8 billion (US\$360 million) from INR24.7 billion (US\$529.2 million) a year earlier. Billionaire Chairman Sunil Mittal's flagship company added customers at a slower rate than Vodafone Group Plc's Indian unit and Reliance Communications Ltd., as a price war cut call rates to as little as a penny a minute. Bharti shall invest in expanding new businesses after the company completed its US\$9 billion purchase of the African assets of Kuwait's Mobile Telecommunications Co. Sales boosted 17 percent. EBITDA boosted 3 percent to INR44.1 billion (US\$945 million) while EBITDA margin declined to 36.1 percent. Bharti completed its purchase of the African assets of Zain and sees to venture the businesses by end of the year. The acquisition gave the company access to a population of about 450 million people across 15 African countries including Ghana, Tanzania and Uganda. The average monthly phone bill ranges from as low as about US\$7 in Kenya to as high as US\$20 in South Africa.
- **India's prime minister's office (PMO) has stepped into the dispute over telecom network security, putting the new measures on-hold and ordering a review by the key ministries.** The PMO has told the Department of Telecommunications (DoT) Ministry of Home Affairs (MHA) to review complaints from foreign equipment vendors over the new security scheme. While the two-month investigation is taking place, operators can choose to adopt the new security measures or stick with the older security vetting regime. The department announced the strict new security rules two weeks ago, forcing operators to audit all internationally-procured equipment for security and to place the hardware and software source code into escrow.
- **A Macquarie-SBI Infrastructure Fund-led consortium has bought a 11 percent stake in Indian telecommunications tower operator Quippo-WTIL for INR14.2 billion (US\$304 million), allowing the investors to benefit from the rising demand for infrastructure in India.** The consortium led by the India-focused infrastructure fund includes State Bank of India and an unnamed investor. The fresh funds come at a time when the need for infrastructure is mounting after bargain-hunting subscribers caused phone service providers to charge less than a cent a minute in India's competitive market, and, as a result, share backend infrastructure to lower costs. Quippo-WTIL, rechristened Viom Networks Ltd. after the deal, was formed in January 2009 with Quippo Telecom Infrastructure Ltd. owning about 46 percent in it and Tata Teleservices Ltd. holding the rest.
- **Telstra Corp. will sell its majority stake in a Chinese real estate website SouFun to private equity funds should it fail to complete an initial public offering of the company.** General Atlantic LLC and Apax Partners LLP, along with two shareholders of the website, SouFun Holdings Ltd., will acquire the stake in an offer that values the company at US\$810 million. Telstra Chief

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Executive Officer David Thodey is looking to sell the business as he boosts spending on mobile services to stem a loss of domestic market share to smaller rivals. Previous Telstra CEO Sol Trujillo bought 51 percent of the Chinese company four years ago for US\$254 million as it sought to offset stalling growth in its home market. The private equity funds and shareholders will acquire any SouFun shares held by Telstra that aren't sold in the IPO up to an agreed maximum price.

- **Pacnet has paired with Pacific Fiber to build a US\$400 fiber link between Australian New Zealand and the U.S.** The Companies has named it a "city-to-city, low latency subsea fiber optic cable". Due to be completed by 2013, the carrier neutral cable will span 13,600 kilometers, landing in Sydney, Auckland and Los Angeles. Pacnet said that it will have more affect on the Australian broadband market than the National Broadband Network (NBN) by alleviating international traffic bottlenecks and latency. It will have at least two fiber pairs with 64 wavelengths each and 40Gps per wavelength technology. Capacity is tipped at 5.12 terabits per second (Tbps), more than doubling that of wholesale broadband service provider Pipe Networks' 1.92Tbs PPC-1 Sydney to Guam submarine cable. There are currently only five major Asia to US cables, including the PPC-1 and the Southern Cross link.
- **Thaicom PCL said that the boosting popularity of smartphones will help it return to profit in the second half after posting a net loss of THB151 million (US\$4.73 million) in the second quarter.** The company expects to book a net profit for the full year. Revenue declined as its telephone division's Laos Telecommunications Co. unit and Cambodian Mfone Co. unit lost customers to competitors offering lower prices. Revenue from internet and media services declined during the quarter. Revenue in the second half should be higher than the first six months of the year, driven by its iPSTAR broadband satellite, which will generate more revenue for Thaicom as demand rises for data transfer services, especially through smart phones, in the Australasian region. The company is also maintaining its 2010 revenue growth target at 30 percent, even though first half revenue fell 2.3 percent on year. Revenue from iPSTAR services in the Philippines, Indonesia, Malaysia, China and Japan is expected to increase in the second half, while a contract to provide iPSTAR bandwidth to an India customer is expected to be signed in the current quarter.
- **Advanced Info Service (AIS) revenues and profits rise in the second quarter.** Service revenues (excluding interconnection revenues) went up 7 percent to THB21.34 billion (US\$674.6 million) from THB19.93 billion (US\$628.3 million). The recovery was evident in slightly improved voice revenues, which grew by 2 percent while non-voice services grew 36 percent year-on-year. Political unrest during April and May only affected international revenues. EBITDA was up 48 percent with net income up 16 percent. AIS ended the quarter with 30 million subscribers after adding 478,000 prepaid customers and 20,000 postpaid subscribers in the quarter. Net additions were softer than Q1, but remained stronger than Q2 2009, and were also supported by the growth of internet Sim subscribers, which have started to grow well in regional areas.
- **Thaicom had net loss of THB 151 million (US\$4.7 million) and a loss on foreign exchange of THB22 million (US\$690 million).** Revenues were THB1.65 billion (US\$52 million), down 6.1 percent from THB 1.75 billion (US\$55.2 million) a year earlier due to a drop in telephony revenues offset by revenue growth from satellite services as Ipstar revenues rose by 25.1 percent to THB638 million (US\$20.1 million). The share of profits of associates grew by 20.6 percent. EBITDA was down 1.1 percent and totaled THB533 million (US\$16.8 million). Thaicom's revenue from the telephone service business was down 33.2 percent. Three new mobile-phone service providers entered the Cambodian market, resulting in fierce competition. This caused a 30.1 percent decline in Mfone's subscribers from 950,264 subscribers at the end of Q2 2009 to 664,111 subscribers at the end of the



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second quarter this year. Furthermore, in December 2009, the Cambodian government announced new regulations regarding a minimum price to regulate the competition. However, the continued growth of telephone subscribers in Laos, especially in the prepaid segment, resulted in a 26.4 percent increase in LTC's subscribers from 1.10 million at the end of Q2 2009 to 1.39 million.

- **PT Bakrie Telecom has secured US\$300 million in loans from the Industrial and Commercial Bank of China.** The loan will be used to finance the company's capital expenditure. The loan is extended in China's renminbi denomination which equals US\$300 million. Bakrie Telecom provides fixed wireless access through Esia, Wifone, Wimode, and SLI Hemat 009.
- **Singapore Telecommunications Ltd. said its fiscal first-quarter net profit fell 0.2 percent year on year due to lower contributions from its associates in India, the Philippines and Indonesia.** Net profit for the quarter ended June 30 was S\$943.2 million (US\$690 million) compared with S\$945.4 million (US\$696.8 million) a year earlier. The figure was higher than the S\$936 million (US\$689.9 million) net profit estimated by a Dow Jones Newswires poll of five analysts. SingTel's operating revenue for the quarter rose 11.5% to S\$4.29 billion (US\$3.2 billion) from S\$3.85 billion (US\$2.8 billion) a year earlier on strong performances from its Singapore and Australia operations and by a 10% appreciation of the Australian dollar against the Singapore dollar.
- **Singapore Telecommunications Ltd says Optus Pty Ltd.'s net profit was up steeply in the June quarter, with the Australia subsidiary recording its strongest growth in five years.** Optus, wholly-owned by SingTel, posted net profit for the three months to June 30 of A\$170 million (US\$151.97 million), up 22.4 percent on the equivalent period in 2009. Operating revenue at Optus was up 2.6 percent to US\$2.26 billion. The operational EBITDA of Optus was US\$553 million.
- **Singapore Telecommunications (SingTel) ended the first quarter ended 30 June with a total of 351 million mobile customers across its regional subsidiaries.** The group customer base grew 34 percent, or 88.5 million, from a year earlier. Bharti's total mobile customer base across 18 countries covering India, Bangladesh, Sri Lanka and Africa stood at 177 million. Telkomsel (Indonesia) added 6.4 million mobile customers this quarter, which is a strong rebound in customer acquisition from 307,000 in the preceding quarter. Its total mobile customer base rose to 88.3 million, an increase of 16 percent from a year ago. Thailand's AIS grew its mobile customer base by 2.1 million or 8 percent from a year ago to 30 million. AIS' market share rose by 0.4 percentage point from a year ago to 44.5 percent.
- **Singapore ended June with 6.970 million mobile subscribers and a penetration rate of 139.7 percent, compared with 6.964 million mobile subscribers and a penetration rate of 139.6 percent in May.** Of the total, 351,100 are postpaid 2G subscribers, and 2.750 million are 2G prepaid users. Singapore counts 3.242 million postpaid 3G subscribers. There were 6.787 million broadband users in June as the broadband household penetration rate stood at 168.7 percent. Some 73,100 people still use dial-up, down from 74,100 a month earlier. Furthermore, Singapore ended June with 1.944 million fixed-line users.
- **According to Pyramid Research, the Philippines' telecommunications services market will have US\$7.3 billion and would boost CAGR of 7.9 percent to 2015.** Fixed broadband service revenues boosted at 15.7 percent CAGR as mobile data revenue surged at CAGR of 10.7 percent until 2015. The broadband market expects revenues to be twice US\$669 million this year, making it to US\$1.4 billion in 2015. Mobile data would be the greatest revenue contributor in the country, accounting for US\$3.9 billion in 2015, or 37 percent of total revenue that year.

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- **Digital Telecommunications Philippines (Digitel) moved to a net profit in the first half ended June 2010.** Digitel posted net income of PHP145.4 million (US\$3.2 million) in the first six months of the year, a complete turnaround from the PHP638 million (US\$14.1 million) loss suffered in the same period last year, as the wireless communication and wireline data businesses spearheaded the company's performance. The wireless communication business and wireline data communication services generated respective net income of PHP506.38 million (US\$11.2 million) and PHP81.7 million (US\$1.8 million) during the January to June 2010 period, more than enough to offset the PHP442.7 million (US\$9.8 million) net loss suffered by wireline voice communication services. During the first half of last year, the wireless communication services group posted a net income of PHP196.7 million (US\$4.3 million) while the wireline voice communication group suffered a loss of PHP885.4 million (US\$19.5 million). The wireline data group generated a PHP50.6 million (US\$1.1 million) profit last year. Service and non-service revenues during the January to June 2010 period reached PHP7.97 billion (US\$175.9 million), up 19 percent from last year's PHP6.69 billion (US\$147.7 million), driven mainly by the 30.6 percent growth in the wireless segment.

## *Hardware*

- **Flextronics International Ltd.'s board released another US\$200 million to repurchase stock under its standing shareholder authorization to acquire back up to 10 percent of the company's shares.** The contract-electronics company completed a US\$200 million effort in May. Its market capitalization is about US\$4.8 billion and the buybacks come as corporations are increasingly plowing their bulging cash stacks toward repurchase efforts. Flextronics last month said it swung to a quarterly profit on broad sales growth. The company should have sequential growth in all its markets this quarter. Tech companies have seen demand rebound from lows during the recession, returning Flextronics to profitability in recent quarters.

## **United States/Canada**

### *Telecommunications*

- **TW Telecom Inc.'s second-quarter profit soared on a US\$227.3 million tax benefit, while revenue growth topped Wall Street's expectations on strong gains from enterprise customers.** The company notched increases in revenue for data and Internet services and network and voice services. But the provider of those security services had its total customer count declined from the prior quarter and last year's levels. TW Telecom posted a profit of US\$242.3 million. Revenue boosted 5.2 percent to US\$316.8 million. Modified gross margin was at 58.5 percent. The company had 27,460 customers as of June 30, and churn was 1 percent, boosted by 0.9 percent the first quarter, but down from 1.3 percent the prior year.
- **Telus Corp. expects its competitors to also follow suit in implementing cost effective measures and battling low cost players.** Telus and larger competitors BCE Inc. and Rogers are battling Wind Mobile, Mobilicity and Public Mobile, which are targeting cost-conscious customers with unlimited calling plans. Refinancing provided Telus and BCE more cash to reinvest in technology and service. Analysts agreed with McFarlane's assessment of more bond sales. Yields on corporate debt sold by Canadian companies are averaging 3.99 percent this year, down from 4.80 percent in 2009. The drop in yields means a borrower saves US\$810,000 in annual interest on every US\$100 million raised in the bond market. Rogers will repay a US\$490 million note due in 2011. Canada sold C\$3 billion of two-year notes, drawing an average yield of 1.524 percent.

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## *Internet*

- **Google Chief Executive Officer Eric Schmidt has doubled the anticipated pace of acquisitions this year and expects to maintain that rate after some internal projects have failed to spur growth.** Google is making acquisitions at least once-a-month pace Schmidt projected as it acquires companies again last year after the recession. Its latest deal was last week's purchase of Slide Inc. The company is having startups in social networking, mobile technology and graphical advertising. Google will have 90 percent of revenue from its traditional advertising business. The company struggled to stay in shape for competition with the growth of Facebook. Increased antitrust scrutiny adds a hurdle to acquiring more companies. Google completed more than 18 acquisitions this year.
- **Patti Hart was elected to the board of directors at Yahoo Inc. in June to help oversee Chief Executive Carol Bartz's dramatic turnaround effort at the Internet giant.** But Hart was already embroiled in her own attempted revival, at International Game Technology, the Reno slot-machine company she's led since April of last year. IGT has suffered of late, and board members and executives including its CEO Hart--she's served as a director since 2006--have been targeted in a handful of lawsuits filed by shareholders chagrined over the disappearance of over 80 percent of the company's market value. While Yahoo's ills stem from a combination of withering competition with Google Inc., the emergence of younger rivals and uncertainty in the online advertising market, IGT's problem is fairly simple: People haven't been gambling enough during the economic downturn. The company recently issued a third-quarter earnings report that fell short of Wall Street's expectations, indicating that a recovery is still underway.
- **Facebook Inc. will pull in an estimated US\$1.28 billion in advertising spending this year.** News Corp.'s MySpace, will see only US\$347 million in advertising revenue this year. In addition, advertising sales at MySpace should decline to US\$297 million next year. MarketWatch is owned by News Corp, which also owns Dow Jones Newswires and The Wall Street Journal. Facebook may see US\$835 million in advertising revenue in the U.S. this year.

## *Semiconductors*

- **Nvidia Corp. is working on a microprocessor for tablet devices that would directly compete with Intel Corp. products.** Nvidia has a team of engineers developing chips that could be used by computer makers instead of Intel, said the people, who declined to be identified because the project hasn't been made public. Nvidia began working on a tablet chip after an earlier effort to create laptop processors didn't pan out, the people said. Those chips weren't cheap enough to compete with Intel's Atom chips. The effort would help Nvidia tap the burgeoning market for tablets, spurred by the success of Apple Inc.'s iPad. It also may serve as a counterattack against Intel and Advanced Micro Devices Inc., as they encroach more onto Nvidia's home turf of graphics chips. Nvidia will need a central processing unit, which serves as the brain of a computer, to compete in the future.

## *Hardware*

- **Apple Inc. will acquire partial or entire equities of a Chinese mobile online service provider and gaming developer Handseeing Information Technology Co Ltd, for around US\$148 million.** The acquisition is part of Apple's efforts to enhance its capacity of launching online game with running its iOS mobile operating system. The two sides are in the talks of the acquisition, while Apple declined to comment. It will be Apple's first business acquisition in China. Established in 2005, Handseeing develops Java-based online game with Sun Microsystems and provide Java-based services

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for Tianya Online, China's largest social networking forum. Foxconn International Holdings Ltd also has intention to acquire Handseeing.

## Europe

### *Media, Gaming and Entertainment*

- **French ISP Bouygues Telecom is adding 23 new foreign channels to its IPTV offer, including 12 Chinese channels.** The unlimited fixed-line calls offer was also expanded with calls to Bangladesh, Paraguay and Trinidad and Tobago. Bbox customers can now get Armenia 1, the Bulgarian channel BNT Sat, Basque channel ETB Sat, Greek channels Extra3 and ERT World, Jordan Satellite Channel, Kuwait TV, Montenegrin channel RTCG Sat, Catalan broadcaster TVCi, Polish business channel TV Biznes and TVP Romania.

## South Africa/Middle East/Latin America

### *Telecommunications*

- **Econet Wireless has secured a US\$60 million loan facility from Swedish export credit agency EKN to expand its infrastructure.** The loan would see Swedish telecoms equipment supplier L.M. Ericsson Telephone Co. installing additional equipment to expand Econet's infrastructure in the capital Harare. Econet Chief Executive Douglas Mboweni said the facility would be used to acquire equipment to improve efficiency in Harare. Zimbabwe's mobile phone penetration is around 40 percent with Econet claiming 4 million subscribers in a nation of about 12 million people.

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## Other Economic Data

| Currency Exchange Rates |            |                              |                        |                         |                      |                      |
|-------------------------|------------|------------------------------|------------------------|-------------------------|----------------------|----------------------|
| Currency                | Units      | Current Rate<br>(on 8/13/10) | % Change<br>1 Week Ago | % Change<br>1 Month Ago | % Change<br>1/1/2010 | % Change<br>1/1/2009 |
| Japanese yen            | ¥/US\$     | 86.2800                      | 0.8%                   | -2.6%                   | -7.1%                | -6.4%                |
| Hong Kong dollar        | HK\$/ US\$ | 7.7717                       | 0.1%                   | 0.02%                   | 0.2%                 | 0.3%                 |
| Chinese renmenbi        | RMB/ US\$  | 6.7931                       | 0.4%                   | 0.3%                    | -0.5%                | -0.4%                |
| Singapore dollar        | S\$/ US\$  | 1.3625                       | 1.2%                   | -1.4%                   | -3.0%                | -6.8%                |
| South Korean won        | KRW/ US\$  | 1,183.7000                   | 2.0%                   | -1.6%                   | 1.7%                 | -10.1%               |
| New Taiwan dollar       | NT\$/ US\$ | 31.9050                      | 0.7%                   | -0.6%                   | -0.1%                | -2.6%                |
| Australian dollar       | US\$/A\$   | 0.8928                       | -2.8%                  | 2.0%                    | -0.5%                | 25.7%                |
| New Zealand dollar      | US\$/NZ\$  | 0.7055                       | -3.8%                  | -0.8%                   | -2.6%                | 20.6%                |
| Philippine peso         | PHP/ US\$  | 45.2100                      | 1.0%                   | -2.2%                   | -2.7%                | -4.2%                |
| Euro                    | US\$/€     | 1.2760                       | -3.9%                  | 1.4%                    | -10.9%               | -8.0%                |
| British pound           | US\$/£     | 1.5606                       | -2.2%                  | 3.9%                    | -3.4%                | 7.5%                 |

## Fixed Income Prices and Yields

| Note                | Currency | Current (on 8/13/10) |       | 1 Week Ago |       | 4 Weeks Ago |       |
|---------------------|----------|----------------------|-------|------------|-------|-------------|-------|
|                     |          | Price                | Yield | Price      | Yield | Price       | Yield |
| US 30-year          | US\$     | 100.22               | 3.90% | 106.53     | 4.04% | 105.50      | 4.06% |
| Japan 30-year       | ¥        | 113.03               | 1.74% | 110.90     | 1.83% | 107.12      | 1.92% |
| Hong Kong 10-year   | HK\$     | 102.35               | 2.28% | 101.00     | 2.43% | 99.59       | 2.48% |
| China (06/16)       | US\$     | 110.18               | 2.80% | 109.38     | 3.05% | 109.38      | 3.05% |
| Singapore 10-year   | S\$      | 112.20               | 1.92% | 111.05     | 2.04% | 107.60      | 2.40% |
| South Korea 20-year | KRW      | 10,817.02            | 4.98% | 10,703.85  | 5.06% | 10,499.99   | 5.13% |
| Australia 15-year   | A\$      | 105.23               | 5.16% | 104.25     | 5.26% | 104.60      | 5.23% |
| New Zealand (12/17) | NZ\$     | 106.09               | 5.32% | 105.22     | 5.44% | 104.36      | 5.43% |
| Philippines 20-year | PHP      | 139.85               | 8.53% | 136.74     | 8.80% | 100.43      | 8.70% |
| India 30-year       | INR      | 99.08                | 8.56% | 82.95      | 8.59% | 83.11       | 8.40% |
| UK 30-year          | £        | 101.53               | 4.19% | 101.31     | 4.21% | 101.10      | 4.18% |
| Germany 30-year     | €        | 130.60               | 3.15% | 129.39     | 3.21% | 128.13      | 3.27% |

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