



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

Week of 18 October 2010 - 24 October 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 (10/22/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,183.08	0.6%	3.5%	6.1%	31.0%
Dow Jones Industrial Avg.	11,132.56	0.6%	3.5%	6.8%	26.8%
Dow Jones Tech. Index	422.70	0.1%	5.8%	5.0%	68.2%
Dow Jones Telecom. Index	233.75	-0.6%	3.4%	6.5%	17.0%
NASDAQ Composite	2,479.39	0.4%	5.2%	9.3%	57.2%
Japan Nikkei 225	9,426.71	-0.8%	-2.1%	-10.6%	6.4%
JASDAQ	46.64	-2.0%	-3.3%	-3.6%	-3.2%
Japan Mothers	350.32	1.2%	-6.2%	-15.8%	8.3%
Korea KOSPI Composite	1,897.31	-0.3%	3.5%	12.7%	68.7%
Korea Kosdaq	523.12	2.7%	8.1%	1.9%	57.5%
Taiwan Stock Exchange	8,168.06	-0.5%	-0.2%	-0.2%	77.9%
Singapore Strait Times	3,650.90	0.0%	-0.6%	22.0%	107.3%
Hong Kong Hang Seng	23,517.54	-1.0%	7.0%	7.5%	63.5%
Hong Kong GEM	818.36	0.4%	0.5%	20.9%	112.3%
China Shanghai (A-Share)	3,117.20	0.1%	14.9%	-9.3%	63.1%
China Shenzhen (A-Share)	1,320.97	4.1%	10.3%	4.7%	127.2%
China Shanghai (B-Share)	284.03	3.6%	12.0%	12.5%	156.1%
China Shenzhen (B-Share)	811.45	1.0%	12.8%	29.6%	199.1%

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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

Japan

Telecommunications

- **KDDI Corp. will venture with Skype Technologies S.A. to bring the company's software to those who subscribe to KDDI's "au" mobile phone services.** The partnership will begin with the availability of Skype-to-Skype free phone calls to the users of some of KDDI's smartphones from November. KDDI also reported modest growth in its net profit for the July-September period as strength at its optical broadband and cable television service units made up for its failure to cash in on the smartphone craze. Faced with a sharp decline in its share price, KDDI also announced a plan to spend up to 100 billion yen (US\$1.2 billion) to buy back its own shares. KDDI's net profit for the fiscal second quarter boosted 10.5 percent to 65.05 billion yen (US\$799 million). Operating profit for the three month period boosted to 118.56 billion yen (US\$1.5 billion), while revenue declined to 852.42 billion yen (US\$10.5 billion). Its fixed-line communications segment, which had a 11.6 billion yen (US\$142 million) operating loss a year earlier, made a 1.71 billion yen (US\$20.9 million) profit due to lower sales-related costs.
- **Softbank Corp. is stepping up efforts to market Apple's iPads to companies, seeking to tap demand before rival tablet computers hit the market leading up to the year-end holidays.** Softbank is touting the iPad as a tool to improve productivity, citing a decline in Japan's international competitiveness. With group firms using a total of 20,000 iPads and iPhones, Softbank is projected to save 450 million yen (US\$5.5 million) a year on paper and printing costs. Employees are said to save an average of 50 minutes a day, leaving more time for client visits. Other firms that have adopted the iPad include BMW, AIG Edison Life Insurance Co. and Tostem Corp. Softbank will add 98 outlets selling the tablet computer to its current 16-store network. Apple sold 4.18 million iPads worldwide in the July-September quarter. In Japan, about 400,000 iPads have been sold.

Semiconductor

- **Toshiba announced a revision to its forecasts for results in the fiscal first half to September.** The company cut its revenues outlook to 3.08 trillion yen (US\$37.8 billion) due to the merger of its mobile phone business with Fujitsu and appreciation of the yen. The company raised its outlook for profits, due to improvements in the semiconductor market, especially NAND flash memory, and a return to profitability at its LCD activities. Operating profit is now expected at 68 billion yen (US\$835 million). The net profit estimate rises to 27 billion yen (US\$331 million).

Media, Entertainment and Gaming

- **Jupiter Telecommunications (J:Com) ended September with a total of 3.38 million customers, up 4 percent year-on-year.** Combined revenue generating units (RGUs) for cable television, internet access and telephony services reached approximately 6.21 million, up 5.9 percent since end-September 2009, and the bundle ratio (average number of services received per subscribing household) surged to 1.84 from 1.81 a year earlier. J:Com's television subscriber base stood at 2.632 million in September. Of the total, 2.615 million are digital television subscribers. The number of internet subscribers went up to 1.666 million, and the number of telephony customers rose to 1.911 million from 1.895 million a year earlier.

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Internet

- **Rakuten Inc. filed a petition with Japan's antitrust regulator asking the body to review Yahoo Japan Corp.'s plan to use Google Inc.'s technology to run its Internet searches.** Rakuten is making its stance on the matter more explicit, an attitude rarely seen among Japanese companies. The new Japanese alliance is seen as undermining Microsoft's renewed efforts to challenge Google in the Internet search arena. The company is in talks with the Japan Fair Trade Commission about this issue.
- **Yahoo Japan Corp.'s net profit for the July-September quarter boosted 6.8 percent from a year earlier, due to lower costs and solid performances in its online shopping and real estate information businesses.** The company said its group net profit for the fiscal second quarter boosted to 21.44 billion yen (US\$263 million) in the previous year. The figure was slightly below the 21.8-23.0 billion yen (US\$ 267-282 million) range forecast by the company in July. Yahoo Japan will use Google's technology to run its Internet searches and search-linked advertising services. The alliance, which will lead to at least 90 percent of all Japanese-language Web queries in the country being run through Google's data centers, has stirred debate about fair competition among rival businesses and advertisers.
- **Rakuten is pressing ahead with plans to launch an online shopping mall in China via a joint venture with Chinese search engine leader Baidu.** The virtual mall Lekutian opened 18 October, hosting at least 2,000 stores targeted primarily at Chinese consumers. In January, Rakuten and Baidu announced their intention to jointly invest US\$50 million over three years to build a new online retail destination designed to provide consumers with high-quality merchandise from well-known Chinese and foreign brands, as well as small and medium sized enterprises, at competitive prices. Lekutian will offer a wide range of goods such as apparel, fashion accessories, furniture, home electronics and appliances, digital equipment, baby goods and cosmetics.

China

Internet

- **Google's share of revenue in China's online search market continued to fall in the third quarter, slipping 2.6 percentage points while local rival Baidu gained three percentage points compared with the previous quarter.** Google's market share declined to 21.6 percent in the three months ended Sept. 30 from 58.4 percent in the fourth quarter of 2009.
- **Baidu's third-quarter net profit doubled from a year earlier to a quarterly record due to increases in users and spending on advertising, as it continues to benefit from Google's declining presence in China.** The company expects its revenue to grow in the fourth quarter, and it will continue to increase its capital spending in the near term. Baidu has been increasing its share of the Chinese search market mainly at the expense of number-two player Google. Google stopped operating its Chinese search engine earlier this year and began rerouting mainland users to its Hong Kong site in response to hacking and Beijing's search-result censorship rules. Baidu had a third-quarter net profit of 1.05 billion yuan (US\$156.4 million).

Mobile/Wireless

- **Foxconn International Holdings Ltd. will delay the construction of a US\$200 million cellphone plant in northern Vietnam to the first half of 2011.** The company has asked the local

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government for permission to delay the construction as it has been facing difficulties in raising enough funds due to the global economic crisis. The plant will produce 89 million cellphones a year.

- **Funtalk China has revived its plans to sell at least 10 million shares after postponing the plan due to volatile market conditions.** Funtalk planned to use the proceeds of the offering to expand its retail network, including acquiring interests in other retail chains and establishment of new retail outlets.
- **Hon Hai Precision Industry Co. will acquire stakes in two factories in China that produce components for personal computers and other electronics products for a total investment of US\$65 million.** The company will boost shareholdings in five other Chinese plants that produce handsets and personal computer tablets for US\$195.7 million. Hon Hai is acquiring stakes in plants located in Chongqing and Huizhou, and increasing its stakes in factories in Chengdu, Zhengzhou, Shenzhen and Huai'an.

Telecommunications

- **China Mobile's revenues for the first nine months of 2010 of 352.6 billion yuan (US\$52.9 billion). EBITDA surged 6.0 percent to 177.8 billion yuan (US\$26.6 billion), and the margin declined to 50.4 percent from 51.3 a year ago.** Net profit rose 3.9 percent to 87.2 billion yuan (US\$13.1 billion). The company finished September with 569.76 million customers, up from 554.04 million a year ago, with average monthly net additions of 5.27 million in the first nine months of 2010. Average revenue per user was stable over the year at 72 yuan (US\$10.8) per month. Voice traffic surged to 2.55 trillion minutes in the nine-month period, from 1.66 trillion last year, while minutes of use per customer were stable at 520 per month. China Mobile's ARPU decline to 72.0 yuan (US\$10.8) in the nine months ended Sept. 30. The company's ARPU has fallen as it has pushed farther into less developed regions of China to keep adding subscribers, including users of its less expensive 2G services.
- **China's three telecommunications firms added a combined 10.285 million mobile customers in September, ending the month with a total of 814.804 million mobile users.** China Mobile led in mobile subscriber adds in the month as the company added 5.401 million new customers to bring its customer base to 569.757 million. Of the total, 15.279 million are 3G customers. China Telecom signed up 3.04 million new mobile subscribers in the month to bring its total to 82.98 million. However, the carrier continued shedding fixed-line customers and saw its customer base fall by 79 million to end the month with a total of 178.28 million local access lines in service. China Telecom gained 1.01 million broadband subscribers in September to hit a total of 61.07 million. China Unicom ended September with a total of 162.067 million mobile customers, which comprises 151.513 million 2G subscribers and 10.554 million 3G customers.
- **China's telecommunication industry had core business revenues of 667.51 billion yuan (US\$100 billion) during the first nine months of 2010, up 6.8 percent year on year.** Of this total, revenues from wireless communications hit 465.1 billion yuan (US\$69.8 billion), up 12 percent year on year, while revenues from fixed-line business saw a 3.6-percent decline to 202.41 billion yuan (US\$30.4 billion). During the first nine months the number of new mobile phone subscribers surged by at least 86 million, bringing the total number of wireless service subscribers to 833.3 million. The number of fixed-line subscribers dropped by at least 12 million, reducing the total number of fixed-line users to around 301.27 million.

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Media, Entertainment and Gaming

- **China Cablecom Holdings' revenues for the second quarter of this year increased to US\$13.98 million due to growth in paying subscribers and revenues generated in subscription and installation fees.** The company's Hubei operations' revenues grew 29 percent to US\$10.9 million. Binzhou operations' revenues stood at US\$3.1 million, an increase of 34 percent. Net loss decreased to US\$2.4 million or US\$0.39 per share from US\$4.4 million. Cash and cash equivalents amounted to US\$24.7 million at the end of the quarter. For the full year, China Cablecom reiterates its revenue guidance of US\$50-55 million. This includes total paying subscribers of 1.8 million and consolidated digital subscribers of 750,000.
- **Chinese animation firm Creative Power Entertaining Co. (CPE) makes pact with Disney for licensing deals.** CPE had a television broadcast license agreement with Buena Vista to air its cartoon series on Disney channels in 52 countries and regions in the Asia-Pacific. The three-year deal covers the broadcasting of the latest 100 episodes of the hit cartoon series Pleasant Goat and Big Big Wolf - Joys of Seasons, in countries such as Australia, India, Singapore and South Korea in at least 10 languages and dialects. In India alone, versions in four local dialects will be available, said Liu Manyi, general manager of CPE. CPE is also in talks with television networks in Thailand and the Philippines about airing its cartoon productions. Launching its first cartoon series in 2004, CPE has rolled out nearly 700 episodes of its most popular Pleasant Goat and Big Big Wolf series since 2005, recording an average TV rating of 13.1 in Beijing, Shanghai, Guangzhou and Hangzhou.

Hardware

- **China's e-book reader sales came to 264,600 units in the third quarter, up 9.93 percent from Q2.** The increase in sales is attributed mainly to price cuts of the e-book device both on domestic and foreign markets and increasing public recognition of e-readers. The price reduction of Amazon's e-reader Kindle has triggered a worldwide price cut on the e-book reader market. And the high-profile launch of Bambook by domestic company Shanda Interactive Entertainment Ltd. at 999 yuan (US\$150) per set, to a certain extent, stimulates consumption of the device. China's e-book reader sales this year have amounted to 749,100 units by end-Q3 and the annual sales are forecast to top 1 million units as sales in Q4 continues to pick up.

Taiwan

Telecommunications

- **Taiwan has approved a Wimax development plan which calls for a 2010-2013 budget of NT\$6.6 billion (US\$216.1 million).** The government agencies will adopt Wimax technology for various applications, such as disaster relief, transportation regulation, police patrols, as well as educational and medical applications in remote areas, according to the ministry of economic affairs. The plan will also help Taiwan-based enterprises export Wimax products to China and other countries. Under the plan, the annual production value of Wimax products in 2013 would stand at NT\$130 billion (US\$4.2 billion), with a cumulative investment of NT\$50 billion (US\$1.6 billion) from the private sector. The plan also forecasts 2.2 million Wimax subscribers and the creation of 20,000 jobs.
- **Chunghwa Telecom targets growing its sales to NT\$220 billion (US\$7.1 billion) in 2015, with value-added mobile services, overseas operations, video-on-demand, cloud computing, and information-communications services designated as major growth areas.** The company saw

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sales sink to NT\$198.3 billion (US\$6.4 billion) last year from over NT\$200 billion (US\$6.5 billion) in 2008. The company estimated sales for this year to rise to around NT\$199 billion (US\$6.4 billion) and over NT\$200 billion (US\$6.5 billion) in 2011, mostly due to sales growth in value-added mobile services and ICT services. The telecom carrier has designated overseas operations, cloud computing, iEN, video-on-demand and value-added mobile services as major growth drivers for sales over the next five years.

Mobile/ Wireless

- **ODM Arima Communications is expected to ship 28 to 30 million handsets next year, up 70 to 80 percent from this year.** Arima has three major ODM clients: Sony Ericsson, LG Electronics, and the recently added Motorola. The company is expected to ship 6-7 million to Sony Ericsson this year and 12 million handsets next year, 8-9 million units to LG this year and 6-7 million next year, and 1 million to Motorola this year and 10-11 million units in 2011.

Hong Kong

Mobile/ Wireless

- **Hong Kong has seen its mobile user base exceed 13 million in July, up from 12.885 million in June.** Of the total, 6.407 million were prepaid users, up from 6.308 million a month earlier, and the number of postpaid users stood at 6.617 million versus 6.577 million. The number of 3G users grew to 4.645 million in July, from 4.533 million in the previous month. Furthermore, 903,183 mobile users connected through an MVNO. Total SMS sent reached 560.427 million or 49 per subscriber. The mobile data usage rose to 214.1 MB per 2.5G/3G customer, up from 213.0 MB in the prior month.

Media, Entertainment and Gaming

- **Shaw Communications Inc.'s fourth-quarter earnings came in below year earlier levels and missed analyst expectations, as competition hurt revenue growth in its cable operations and it struggled to attract new Internet, telephony, satellite and digital subscribers.** The company, which is controlled by the Shaw family, named Bradley Shaw as chief executive as of Jan. 13, succeeding Jim Shaw, who is resigning from the position after 12 years. JR Shaw, father of both Jim and Bradley Shaw, remains executive chairman. The executive change had long been rumored, though the timing might have come as a surprise to some. Investors tend to consider Shaw's president, Peter Bissonnette, as leading the operation on a day-to-day basis and he retains this role.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **The Indian unit of Vodafone Group PLC expects to launch 3G mobile telephony during the January-March quarter.** The service allows multimedia capabilities on mobile networks and is likely to improve the operating performance of telecom companies as they can charge higher tariffs in a market where cut-throat competition has hurt profitability. Competition may not be as stiff in the 3G space as several companies couldn't acquire the required bandwidth in a hotly contested auction that drove up the total price of airwaves on sale for 3G telecom services to at least US\$15 billion.
- **Indian mobile operators ended September with 494.04 million GSM subscribers, up 2.58 percent from 481.61 million subscribers in August.** In total, India's GSM mobile subscriber base grew by 12.42 million. Bharti Airtel remained market leader with a market share of 29 percent, slightly

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in decline from 29.33 percent in August. The operator had 143.29 million subscribers. Vodafone Essar added around 1.78 million new customers and its subscriber base reached 115.55 million, and Vodafone Essar's market share was 23.39 percent. Idea Cellular was in third place as its subscriber base grew to 74.21 million customers, and Idea's market share was 15.02 percent. BSNL added 2.34 million customers to bring its customer base to 72.69 million and its market share to 14.71 percent.

- **The Telecom Regulatory Authority of India would come out with the 2G spectrum pricing norms by the end of this month.** The new norms might link pricing of 2G spectrum to the 3G spectrum licence after the controversial allotment of 2G spectrum in 2008, which many in the industry felt, was under-priced to help certain Telecom operators. TRAI might also recommend an auction route for distribution of 2G spectrum beyond 6.2 Mhz and suggest scrapping of the current practice of giving radio waves on the basis of the number of subscribers. The telecom regulator may change the criteria from subscriber numbers to geographical coverage. If the proposal is implemented, new operators like Uninor, Etisalat and Loop Telecom, which already have 4.4 Mhz of 2G spectrum, may have to buy spectrum through auction beyond 6.2 Mhz.
- **Philippine Long Distance Telephone Co. expects to have surging net income in the third quarter primarily because of strong sales from its broadband business.** Although overall revenues were declining in the third quarter compared to last year, it had higher earnings due to its broadband business and the successful implementation of cost cutting initiatives. PLDT's net income amounted to P10.29 billion (US\$237 million) from P6.90 billion (US\$160.3 million) in the same period in 2008. The capex will be used for additional network expansion to support take-up of broadband, higher voice usage, on top of maintenance capex. The PLDT Group's total cellular subscriber base for the first six months stood at 45.3 million subscribers, an 18 percent growth year-on-year; while PLDT group's total broadband subscribers numbered 2.96 million. Its consolidated net income grew by 10 percent to P21.7 billion (US\$504 million) in the first half of this year.
- **Australia's Future Fund lessened its holding in Telstra Corp. to 10 percent from 10.9 percent, which could provoke pressure on the telecommunications firm's already beleaguered share price.** The Future Fund is Telstra's biggest shareholder. The reduction of its stake arose as Telstra shares have languished around all-time lows in recent weeks amid concern for the group's outlook and uncertainty about the stability of its dividend payment. Telstra sees to have stagnant revenue for the year to June 30, 2011, with EBITDA forecast to fall by a high single-digit percentage amid tough competition in its key markets and falling demand for fixed-line phone services. The Future Fund sell-down was done with an estimation of A\$2.66 (US\$2.61) per share.
- **M1 reported higher net profit and revenues in the nine months and third quarter period ended 30 September.** Nine-month net profit after tax surged 5.7 percent to S\$119.6 million (US\$92.1 million) with operating revenue of S\$717.8 million (US\$553 million) due to higher service revenue and handset sales. Third quarter operating revenues were S\$245.7 million (US\$189 million) versus S\$188.4 million (US\$145 million) a year earlier. Nine-month service revenue grew 4.9 percent to S\$546 million (US\$420 million), benefiting from growth in both postpaid and prepaid mobile customers, as well as contribution from fixed services. Nine-month revenue from non-voice services rose by 5.9 percentage points to make up 31.5 percent of service revenue, driven by continual growth in the mobile broadband and smart phone customer base.
- **Thailand's telecommunications regulator is allowing staff to handle requests from companies on using, importing, and testing radio equipment again.** The National Telecommunications Commission halted all spectrum related activities following the court's order pending clarification of

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its authority. Requests for network expansion or the roll out of new networks are still to be considered separately by the commissioners, which could affect state-owned telecom firm TOT which is rushing to roll out a 3G network.

- **Total Access Communication PCL announced that its third quarter net profit surged 87.7 percent on higher revenue from telephone services and handset sales.** Net profit during the July to September period was THB3.06 billion (US\$102.2 million). The robust result was driven by strong telephone service revenue which increased to THB17.56 billion (US\$587 million), while income from the sale of smartphone handsets swelled to THB640.3 million (US\$21.4 million). Total revenue increased to THB18.35 billion (US\$613 million). International roaming income boosted 0.8 percent on quarter but declined 14.2 percent from a year earlier. The company also made a one-time retroactive gain for a network connection with state-owned CAT Telecom of THB653 million (US\$21.8 million) before tax, and a pre-tax gain of THB320 million (US\$10.7 million) from the sale of a building.
- **Indosat's net profit declined by 63.4 percent to IDR530.9 billion (US\$59.4 million) in the first nine months of the year.** Revenue was IDR14.84 trillion (US\$1.7 billion), up 8.1 percent. Exchange-rate fluctuations and an increase in financial charges arising from higher debts depressed the company's bottom line. Its borrowings rose due to higher investment spending. Cellular revenue rose 16 percent to IDR11.91 trillion (US\$ 1.3 billion) during the January-September period as the number of cellular customers boosted 41 percent to 39.7 million.

Mobile/ Wireless

- **Micromax Informatics expects to generate revenue of 25 billion rupees (US\$561 million) this fiscal year as it expands footprint globally and enhances product portfolio.** The company has revenue of about 16 billion rupees (US\$359 million) already. The company, currently exports handsets to Nepal, Sri Lanka, Bangladesh and the Middle East countries and will foray into Brazil soon. Micromax is waiting for clearance for handsets from Anatel and then would launch products in Brazil, Jain said adding that it would take about 45 days for the approval to come in. From October onwards, Micromax expects exports to account for sales of 100,000 units, of the total 1.2 million handsets the company sells every month.

Media, Gaming and Entertainment

- **PT Media Nusantara Citra has acquired 90 percent of GLD Investment Pte Ltd, an information technology service, publisher and property company based in Singapore.** Media Nusantara, an operator of a network of 16 local TV stations, acquired the stake from PT Global Land Development, which is affiliated to MNC Global Land. The acquisition was valued at S\$1.53 million (US\$1.1 million), MNC director Oerianto Guyandi said in a report to the Indonesian Stock Exchange. MNC and Linktone Ltd acquired 75 percent of InnoForm Media, a multimedia company based in the United Arab Emirates for S\$9.75 million (US\$7.5 million). MNC will set aside up to US\$100 million to expand networks, studio and strengthen working capital. The company will boost the number of its TV stations. It hopes to issue eurobond valued at around US\$350 million and for which it has named Morgan Stanley and Standard Chartered as the underwriters.
- **Multi Screen Media will acquire television channels to improve its regional portfolio in the country.** The deal is expected to be completed within a period of 12 months but no other investment details have been disclosed. Multi Screen Media is an India company previously known as SET India. It comprises of Sony Entertainment Television (SET) which operates Hindi general entertainment television channels.

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- **IndusInd Media and Communications (IMCL) aims to raise Rs 500 crore (US\$112.7 million) over the next 6-18 months to drive digitization of services and acquisitions.** The company would look at either roping in a private equity partner or an initial public offer to raise the amount. Cable operators have been working towards digitizing their network in a bid to compete with the DTH players. Sectoral regulator TRAI has also suggested that all cable operators in the country should switch from analogue to digital systems by December 2013.

Information Technology

- **Infosys Technologies Ltd. expects clients in the U.S. to spend more on long-term contracts in 2011 than in the past couple of years.** Technology spending from India's software exporter by sales comes positively despite the U.S. economy had recession and high unemployment and deflation.

United States/Canada

Mobile/Wireless

- **Motorola Inc. will shut down its Russian corporate office starting Jan. 1.** The company will utilize indirect model for distributing its mobile products in Russia. After previously being one of the top phone producers for Russia, its market share has contracted to less than 1 percent.

Media, Entertainment and Gaming

- **Electronic Arts Inc. will acquire mobile game maker Chillingo Ltd., publisher of the "Angry Birds" and "Cut the Rope" games.** Terms of the deal were not disclosed. Eight-year-old Chillingo offers games on Apple's iPhone mobile platform and is preparing games for Google's Android. By acquiring Chillingo, EA Mobile is increasing its presence on the Apple platform and helping to maintain its strong position in wireless entertainment publishing, said Electronic Arts spokeswoman Holly.

Telecommunications

- **Juniper Networks Inc. had 61 percent rise in third-quarter profit, but results were clouded by concern over whether its telecommunications customers can keep up their rate of spending.** The network equipment manufacturer posted revenue of US\$1.01 billion, slightly below its own forecast and Wall Street's projection. It also predicted full-year growth of 20 percent or more, again slightly off of analysts' expectations for 21 percent growth for the year. For Juniper, the miss triggered concern over customer spending. Juniper expects consumer demand to remain healthy as it continues to enable secure wireless networks and deliver solutions to the growing cloud computing market. Juniper had profit of US\$134.5 million. Revenue boosted 23 percent to US\$1.01 billion, with revenue in the larger product segment up 26 percent and service revenue increasing 11 percent. The company projected earnings of 30 cents to 32 cents on revenue of around US\$1.02 billion.
- **Verizon Communications Inc. had a lower third-quarter profit as subscriber growth slowed in its wireless unit.** The number of net contract customers added in the period declined by at least half from a year ago, while the recent momentum found through its prepaid reseller partners also slowed. Following AT&T's footsteps, Verizon Wireless will introduce a cheaper, but limited, monthly data plan in a bid to entice existing customers into upgrading their phones. With less than a quarter of its customer base using smartphones, the company believes there remains a lot of room for growth. Verizon Wireless, which is jointly owned by Verizon and Vodafone Group has been relentless in putting out a wave of high-profile smartphones under its Droid franchise.

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- **AT&T Inc. added a record number of iPhone subscribers in the third quarter.** The company, which is the exclusive U.S. carrier for Apple's smartphone, activated 5.2 million iPhones in the quarter. Roughly a quarter of the phones were sold to new customers, highlighting the device's importance to AT&T. The activations require AT&T to pay Apple high subsidies that cut into its near-term profit. Verizon Wireless will start selling the iPhone. There were roughly 17 million iPhone customers on AT&T at the end of September. With 8.4 million iPhones activated over the past six months, the carrier has locked in through 2012 a significant portion of the most affluent part of its base of 92.8 million customers.

Internet

- **Yahoo Inc.'s third-quarter earnings at least doubled on lower costs benefited from selling HotJobs.** The company forecast revenue excluding what are known as traffic-acquisition costs of US\$1.13 billion to US\$1.23 billion, below analysts' average estimate of US\$1.26 billion. Revenue from owned and operated display advertising was up 17 percent, but search-ad sales were in decline 7 percent. The resurgence of display ads will come as a relief after a slump late last quarter, but Google had its total advertising revenue jumped 22 percent. Yahoo's 10-year revenue-sharing partnership with Microsoft aimed to challenge Google's dominance of the search-ad market, is part of Bartz's comeback plan for Yahoo to focus on core Web properties and display ads.

Software

- **Microsoft Corp. pushed further into cloud computing, launching a new product suite that will make many of the software behemoth's most important applications available online and will ramp up competition with Google.** The new product, Office 365, will give users online access to Microsoft Office, SharePoint Online, Exchange Online and the Lync Online instant-messaging software for a monthly subscription fee. Office 365 replaces Microsoft's Business Productivity Online Suite, which was more expensive and offered only Exchange and SharePoint. Office 365 takes direct shot at Google Apps, an Office-like suite of online office productivity applications. Microsoft won a contract to migrate about 100 California state government email systems to Microsoft's cloud product. He said Office 365 would help the company win similar contracts. The new cloud push comes a day after Microsoft Chief Executive Steve Ballmer said the company's biggest cloud proponent, Ray Ozzie, will be leaving the company.

Investments/ Ventures

- **Aiming to capitalize on the social media boom, venture capital group Kleiner Perkins Caufield & Byers launched a US\$250 million fund to back entrepreneurs inventing social applications and services.** Amazon.com, Facebook, and Zynga Game Network. will invest in the Fund and serve as strategic partners. Media groups Comcast Corp. and Liberty Media Corp. as well as Allen & Company LLC are also involved. The Fund will be led by KPCB partner Bing Gordon, former chief creative and longtime executive at Electronic Arts Inc. and board director of Amazon.com and Zynga. Companies that are built from the ground up to be social will have a fundamental advantage over those that merely try to bolt on social functions to their services and products. The Fund is similar in concept to KPCB's US\$200 million iFund aimed at applications for Apple's iPhone OS family of products, including iPhone, iPod touch, and iPad. The iFund, established in 2008, has invested in 14 companies, which have attracted an additional US\$330 million from follow-on investors.

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Europe

Mobile/ Wireless

- **Elisa Corp. expects Finnish mobile broadband customers exceeding those connected to fixed networks next year** The Finnish telco is not pacing to transfer to LTE as it expects that HSPA will meet its customers' needs for some years. The company expects to have the closure of its GSM networks in the next decade as UMTS goes mass market. Mobile broadband subscriptions surpassed DSL connections in mid-2010, and the number will grow to exceed total fixed broadband connections like cable and fiber.
- **ST-Ericsson had a wider third-quarter loss on a drop in revenue as it faced more competition in China.** ST-Ericsson forecast flat sales with the latest quarter. The joint venture has suffered from Nokia's weak performance, supplier share losses and weaker-than-expected performance in Asia in recent quarters. The wireless chip maker began operations in early 2009 and is still undergoing major restructuring. Most analysts expect it to continue posting losses until the second half of next year. For the latest quarter, ST-Ericsson's loss widened to US\$121 million from US\$112 million. Revenue declined 22 percent to US\$565 million. Inventory surged 13 percent to US\$295 million at the end of the third quarter, mostly because of lower demand for some products.

Telecommunications

- **Wind Hellas's creditors have wrested control of the Greek telecommunications company from Egyptian entrepreneur Naguib Sawiris after agreeing to a 420 million euros (US\$586 million) cash injection.** The senior secured noteholders' offer is being underwritten by funds Mount Kellett Capital Partners, Taconic Capital Advisers, Providence Equity Capital, Anchorage Capital Group, Angelo Gordon & Co and Eton Park International. The group holds at least 57 percent of the outstanding 1.22 billion euros (US\$1.7 billion) in notes. Sawiris wants to lead the telecom. He proposed a 180 million euros (US\$251 million) in new cash, a 290 million euros (US\$404 million) bond to refinance the 250 million euros (US\$349 million) revolving credit facility, and a 40 percent equity stake and 110 million euros (US\$153 million) bond for the senior secured noteholders.
- **Colt Group SA is on track for improved profitability in the second half, after it posted lower third-quarter revenue but boosted margins, as continuing a decline in voice services was partially offset by growth in managed services.** Revenue declined 1.8 percent to 392.7 million euros (US\$547.9 million), while EBITDA, climbed 5.4 percent to 83.8 million euros (US\$116.9 million). The company, which offers business telephony services in 13 European countries, sees to book a 35 million euros (US\$48.8 million) to 40 million euros (US\$55.8 million) charge this year, related to restructuring and simplifying its business. The restructuring will bring annual cost savings of 20 million euros (US\$27.9 million).
- **Tele2 AB should spend less money on network infrastructure as vendors push prices down, raising the prospect of surged dividends, as it had consensus-beating third-quarter operating profit boosted by rising customer numbers in Russia.** Tele2 had 16 percent year-on-year increase in third-quarter operating profit to 1.89 billion Swedish kronor (US\$279 million). Tele2 projects capital expenditure for the full-year of no more than SEK4 billion (US\$603 million), with accumulated capex on its Russian operations by the end of 2011 of SEK3.5 billion (US\$528 million) to SEK4 billion (US\$603 million). This will boost dividends. Tele2 is benefitting from intense price competition between suppliers of telecom equipment and it will be up to the company's board to decide how the saved money will be used. Telefon AB L.M. Ericsson and Nokia Siemens Networks, a joint venture

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between Nokia Corp. and Siemens AG, are struggling with Huawei and ZTE Corp. which led to falling prices for base stations and other equipment.

- **Turk Telekom's net profit rose 36 percent on year to 744.5 million Turkish lira (US\$519.9 million) in the third quarter of 2010.** Turk Telekom's net profit was TRY547.8 million (US\$384 million). The increase was due to boosting sales. The company's income from sales boosted to TRY2.707 billion (US\$1.9 billion) in the third quarter of the year. The company's operating profit boosted to TRY885.1 million (US\$621.1 million) in the third quarter. Its financial revenue boosted to TRY101.3 million (US\$71 million) in the same period. Turk Telekom's net profit rose 38.2 percent on year to TRY1.89 billion (US\$1.32 billion) in the first nine months of the year. Income from sales surged to TRY7.957 billion (US\$5.6 billion) during the period.
- **Redstone PLC will sell certain assets of Marcom Communications Ltd. and other telephone systems maintenance contracts to Maintel PLC for GBP1.75 million (US\$2.7 million) in cash.** The businesses being sold had combined revenue of GBP3 million (US\$4.7 million) for the year to March 31. The company will use some of the proceeds to pay down bank debt. This will center the company on higher-margin activities. The deal states that 40 employees will be transferred to Maintel.

Media, Gaming and Entertainment

- **British Sky Broadcasting Group PLC, which is subject of a takeover approach from majority shareholder News Corp., said that its customers had swelled close to a landmark 10 million, attracted by its mix of content, broadband and phone services, as it posted third quarter earnings that beat expectations.** BSkyB's shares boosted following the report, supporting calls from BSkyB's independent directors and media analysts for News Corp. to increase its proposed 700 pence a share offer for the stake it doesn't already own in the U.K.'s biggest pay-TV company. News Corp., which already has a 39.1 percent stake in BSkyB, made its offer for the remainder of the company in June, valuing the stake at about GBP7.8 billion (US\$12.2 billion). BSkyB's independent directors rebuffed the proposal, but said they would back an offer of at least 800 pence a share.

South Africa/Middle East/Latin America

Telecommunications

- **America Movil SAB is expected to report big gains in its third-quarter earnings as the company consolidates results of other companies also controlled by Mexican billionaire Carlos Slim.** America Movil took over Carso Global Telecom, a holding company for around 60 percent of flagship fixed-line operator Telefonos de Mexico SAB (Telmex), and Telmex Internacional in a mostly stock deal valued at about US\$23 billion. America Movil will probably report revenue of 155.46 billion pesos (US\$12.34 billion). The inclusion of Telmex will launch some drag into America Movil's cash flow growth. Telmex might slow the deterioration in its EBITDA, which was down 13 percent year-on-year in the second quarter.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/22/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	81.3900	0.1%	-5.0%	-12.4%	-11.7%
Hong Kong dollar	HK\$/ US\$	7.7599	0.02%	-0.1%	0.1%	0.1%
Chinese renmenbi	RMB/ US\$	6.6583	0.3%	-0.8%	-2.5%	-2.4%
Singapore dollar	S\$/ US\$	1.2965	-0.05%	-2.8%	-7.7%	-11.3%
South Korean won	KRW/ US\$	1,125.6000	1.4%	-3.0%	-3.3%	-14.5%
New Taiwan dollar	NT\$/ US\$	30.8300	0.6%	-2.5%	-3.5%	-5.9%
Australian dollar	US\$/A\$	0.9825	-1.1%	3.7%	9.5%	38.3%
New Zealand dollar	US\$/NZ\$	0.7464	-1.3%	2.2%	3.1%	27.6%
Philippine peso	PHP/ US\$	43.0600	-0.5%	-2.3%	-7.3%	-8.8%
Euro	US\$/€	1.3956	-0.3%	6.8%	-2.5%	0.6%
British pound	US\$/£	1.5683	-1.9%	0.9%	-2.9%	8.0%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/22/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	98.97	3.97%	98.08	4.03%	99.98	3.88%
Japan 30-year	¥	100.96	1.97%	100.74	1.98%	100.23	1.99%
Hong Kong 10-year	HK\$	102.29	2.28%	102.30	2.28%	101.66	2.23%
China (06/16)	US\$	109.48	2.87%	109.22	2.93%	110.26	2.15%
Singapore 10-year	S\$	111.10	2.01%	111.54	1.97%	109.76	2.85%
South Korea 20-year	KRW	11,519.71	4.52%	11,874.22	4.26%	11,421.06	4.51%
Australia 15-year	A\$	104.58	5.22%	105.24	5.15%	104.77	5.20%
New Zealand (12/17)	NZ\$	107.06	5.19%	107.37	5.15%	105.63	5.27%
Philippines 20-year	PHP	147.25	7.93%	146.08	8.02%	138.63	8.45%
India 30-year	INR	98.11	8.65%	98.61	8.60%	98.95	8.40%
UK 30-year	£	102.86	4.12%	102.83	4.11%	101.35	4.16%
Germany 30-year	€	133.74	3.02%	133.52	3.03%	131.77	3.09%

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