



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

Week of 6 December 2010 - 12 December 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 (12/6/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,240.40	1.3%	2.2%	11.2%	37.3%
Dow Jones Industrial Avg.	11,410.32	0.2%	0.6%	9.4%	30.0%
Dow Jones Tech. Index	444.69	1.2%	1.5%	10.5%	76.9%
Dow Jones Telecom. Index	231.26	0.3%	-3.4%	5.4%	15.7%
NASDAQ Composite	2,637.54	1.8%	2.9%	16.2%	67.2%
Japan Nikkei 225	10,211.95	0.3%	5.3%	-3.2%	15.3%
JASDAQ	51.06	1.0%	7.9%	5.6%	5.9%
Japan Mothers	401.40	2.3%	10.4%	-3.6%	24.1%
Korea KOSPI Composite	1,986.14	1.5%	2.0%	18.0%	76.6%
Korea Kosdaq	509.20	1.4%	-3.4%	-0.9%	53.4%
Taiwan Stock Exchange	8,718.83	1.1%	3.2%	6.5%	89.9%
Singapore Straight Times	3,820.86	0.1%	-1.3%	27.7%	116.9%
Hong Kong Hang Seng	23,162.91	-0.7%	-6.3%	5.9%	61.0%
Hong Kong GEM	840.46	-1.7%	-0.5%	24.1%	118.0%
China Shanghai (A-Share)	2,975.26	0.0%	-9.4%	-13.4%	55.6%
China Shenzhen (A-Share)	1,358.80	-0.3%	-6.0%	7.7%	133.7%
China Shanghai (B-Share)	298.87	0.1%	-5.7%	18.4%	169.5%
China Shenzhen (B-Share)	832.58	-0.4%	-5.1%	33.0%	206.9%

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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

Telecommunications

- **According to Dow Jones, Asia's major mobile operators will launch fourth-generation wireless technology LTE to surge stagnant revenue and tap into accelerating demand for data services with the popularity of smartphones and tablet devices.** NTT DoCoMo Inc., SK Telecom Co. and KT Corp., including Telstra Corp.'s Hong Kong unit, CSL Ltd., are investing billions of dollars to upgrade their networks to LTE, a technology that promises faster data downloads compared with third-generation wireless technology. LTE made headway in Europe and the U.S. London-based research firm Ovum forecasts global mobile data revenue to rise 10% to US\$1 trillion in 2015 from US\$906.82 billion this year. By contrast, global mobile voice revenue is expected to fall 8.4% to US\$607.91 billion in 2015 from US\$663.36 billion this year.
- **Ethernet switching sales for the year might reach the highest level ever at US\$18.5 billion, surged 29 percent from 2009, according to Infonetics Research.** Under-investments in 2009 are taking a toll and driving sales to new heights. Ethernet switch sales boosted 3 percent in Q3 this year over last quarter to US\$4.7 billion, reaching a new quarterly high, surpassing the previous Q3 in 2008 high of US\$4.68 billion, right before the economic downturn. The strength came from North America and EMEA, which were up quarter-over-quarter and up strongly year-over-year. Ethernet switch sales jumped 30 percent in Japan and up 11 percent in China in Q3 this year. Chassis and fixed managed layer 3 switches fared best, continuing a reversal from 2009 trends, when buyers sought value in low-end switching. Ethernet switch revenue of Cisco was up 2 percent, after a small dip the previous quarter and is up 36 percent year-over-year. Worldwide revenue from enterprise routers is up 15 percent year-over-year and up 9 percent from the previous quarter.

Semiconductor

- **Global chip sales declined a mere US\$10 million in October from a month earlier, snapping a seven-month streak of sequential gains, as growth in Europe offset a decline in the Asia Pacific region, according to the Semiconductor Industry Association.** SIA President Brian Toohey said moderation in sequential sales growth rates might continue through the end of the year and future growth will be increasingly driven by demand in developing markets where rapid adoption of semiconductor end-use products such as mobile devices and consumer electronics continues. Chip sales were US\$26.32 billion in October, up 20 percent from a year earlier, when the economic recovery was just beginning to gain traction and companies built up inventory to prepare for the holidays. Slowing consumer demand led research firm iSuppli to trim its global chip sales forecast for the year in September, following a number of tech companies including Intel and Advanced Micro Devices cutting sales forecasts.

Japan

Semiconductor

- **NEC Corp. will set up a regional umbrella company in Brazil for the Latin American market in April.** The new firm will oversee operations from Mexico southward. Aiming to develop a sales structure that cuts across all business fields and cultivate clients among small and midsize companies

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as well as governments and local municipalities. In venturing with Telefonica SA, NEC will launch a cloud computing business which will produce software over the Internet to customers in Brazil and other Latin American nations. NEC will sell broadcast-related facilities and is anticipating a rally in base stations for next-generation LTE telephone services. NEC hopes to double sales in the region to 80 billion yen (US\$967.6 million) and boost its group wide overseas sales ratio to 25 percent in the year through March 2013.

- **Renesas Electronics Corp. President Yasushi Akao said the company sees to double its cell-phone-related sales in China to US\$400 million in 2012.** Starting in the second half of next year, Renesas will begin supplying Nokia's Chinese factory with system chips for next-generation FDD-LTE wireless broadband modems. China Mobile is spearheading another LTE protocol known as TD-LTE, and Akao said Renesas intends to develop system chips for this version as well.

Telecommunications

- **NTT America, a wholly owned subsidiary of NTT Communications, has unveiled a low latency service across the Pacific, leveraging its purchase of the Pacific Crossing cable system, which currently offers the lowest latency on that route.** The operator is now offering “off-the-shelf” low latency services between Chicago and Tokyo and New York City and Tokyo, connecting what it calls “major commodity exchanges, investment firms, and hedge funds” that transact on different trading platforms. The service follows a major trend within the U.S. and across the Atlantic, which has seen Hibernia Atlantic building a new cable because it wants to reduce the latency between New York and London by a few milliseconds. According to NTT, alternative trading systems for commodities, stocks and other derivatives were approved by the U.S. Securities and Exchange Commission in 1998. High frequency trading is an alternative trading system that elevates electronic trading to the next level in terms of both speed and frequency, NTT explained. “HFT requires many large, high speed computers, which are collocated often in close proximity to major exchanges, that are capable of transmitting millions of orders per second, making every millisecond, absolutely critical to the profitability of the trades and the firms.” According to the Aite Group, in 2009 approximately 2 percent of the total financial companies in the U.S. (about 400 companies) participated in HFT activities, accounting for about 70 percent of the U.S. securities trade volume.
- **Japanese mobile operators reached 497,700 new mobile customers to bring their total to 116.4 million mobile subscribers, said Telecommunications Carrier Association (TCA).** Softbank added 276,600 new customers to reach a total of 24.075 million. Emobile attracted 50,600 new customers to end November with a total of 2.852 million customers, while KDDI brought its customer base to 32.432 million after winning 82,300 new customers in the month. NTT Docomo gained 88,100 new subscribers to bring its total to 57.04 million. Willcom lost 44,500 customers, which brings the company's total to 3.691 million. UQ Communications gained 61,900 new customers to bring the total to 435,200.

Korea

Internet

- **"Facebook violates the regulations on protection of privacy in information networks," Choi Seong Jin, a spokesman for the Korea Communications Commission told the Korea Herald.** He added that Facebook had 30 days to respond to the complaint. The KCC has told Facebook that it needs to do a better job of getting consent from users when getting their personal information.

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KCC estimates that the social networking site has around 2.3 million members in the country, which accounts for roughly five percent of the population. Facebook hopes to attract South Korea's business conglomerates to use its service to engage consumers.

Mobile/Wireless

- **South Korea's annual smartphone sales will hit 7 million units by the end of this year on the back of solid sales of new smartphone models.** The combined sales of major smartphone manufacturers tallied late last month came to 6.8 million, compared with 800,000 units as of end-2009. The local market had 7 million by end-year due to the slew of new models, like Samsung Electronics's Galaxy S and Apple's iPhone 4. About 30 new models were rolled out in the local market this year. Samsung Electronics topped the list with about 3 million in sales. The robust sales were due to the Galaxy S smartphones, which sold 775,000 units locally since its launch in June. Apple came next with some 1.6 million units sold this year, next are Pantech and LG Electronics with 800,000 units and 400,000 units, respectively. U.S.'s Motorola and Taiwan's HTC were included among top sellers.
- **Samsung Electronics expects its handset business profit margins to be higher in the current quarter compared with the previous quarter, a senior executive cited.** The margins will be boosted by accelerated smartphone sales. Samsung Electronics' third-quarter mobile handset operating profit margin was 10.2 percent. Samsung expects the global mobile handsets market to surge by around 10 percent.

Semiconductors

- **Samsung Electronics Co. reshuffled its sub-business divisions and two heads of its eight business divisions to build synergies.** Samsung's home appliance division absorbed its air condition team, as its TV division merged with its set-top box team. This to better facilitate collaborations among the company's numerous teams. The company added a team to manage its Middle East business. Samsung also replaced two of the eight heads of its eight business divisions.

Hardware

Telecommunications

- **KT Corp.'s business market division aims to log 10 percent higher revenue in 2011 than this year by expanding mobile office and other information and technology (IT) convergence services.** KT's business market division hopes to post at least 4 trillion won (US\$3.5 billion) in sales next year, compared with 3.6 trillion won (US\$3.14 billion) seen this year. KT will add 400,000 new customers of its mobile office service next year. KT plans to enter into a more profitable market for enterprises with IT services which enhance productivity and profits. KT offers services to local governments, universities, government ministries, corporations and farms in areas such as energy management and telecommuting systems, which it says help cut costs and maximize profits.
- **KT Corp. will collaborate with two software companies, including Microsoft, to step up its cloud computing business, a service that lets users access data through the Web.** As part of its efforts to secure another key technology in cloud computing, KT will take over a local software venture company, NexR, which owns technology to store and process a large amount of data on the Web. KT has been beefing up its cloud computing business, forecasting growing demand for wireless data access with an increasing number of users using multiple mobile computing devices. With a cloud computing service, users can store their files and data on the Internet "cloud," accessing and editing them at one's disposal with any gadgets as long as there is broadband access. Domestic wireless operators and Internet search operators began to offer the cloud computing service in South Korea while trying to

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combat security and privacy concerns arising from saving one's data at other companies' servers. With the partnership with Microsoft, KT will tap corporate customers, with an aim to launch new services next year. The company also will partner with Citrix Systems Inc. to offer services for iPad and desktop computer users.

China

Internet

- **China's e-commerce sales is expected to continue to increase and reach 2 trillion yuan (US\$300 billion) in 2013, as more than half of the country's population is expected to go online.** Data Center for China Internet (DCCI) estimated that 718 million people, nearly 53 percent of China's 1.3 billion population, will use the Internet by 2013. The online consumption over the first half of the year was worth 473 billion yuan (US\$71 billion). Consumer products are starting to dominate the online deals in China. Alipay has outpaced Paypal as it had more than 500 million registered clients with more than 2 billion yuan of transactions on a daily basis. Volume based on Alipay's 7 million daily transactions far outnumbered Paypal's 3.9 million daily transactions in the third quarter of the year.
- **Baidu has made a strategic investment in home improvements business-to-consumer (B2C) site Qeeka.** The site currently has local channels for 28 cities and at least 3 million members. The site projects to record a turnover of at least 6.5 billion yuan (US\$976 million).
- **Alibaba.com declared a HK\$1.1 billion (US\$141 million) special cash dividend.** All shareholders whose names appear on the register of members as of 31 December will receive the dividend of HK\$0.22 (US\$.028) per share. Alibaba.com also renewed the plan buy back up to HK\$2 billion (US\$257 million) of its ordinary shares. The repurchasing of shares will take place subject to market conditions and at the discretion of its directors, demonstrating management's confidence in the long-term performance of the business. The Alibaba.com board named Shao Xiaofeng as executive director of the company, in replacement of Deng Kangming, as he centers his attention as chief people officer of Alibaba Group, effective 1 January 2011.

Mobile/Wireless

- **China market had 49.63 million active users of handset-based e-mail services at the end of the third quarter this year, with China Mobile accounting for 72.5 percent of the number, according to Analysys International.** Providers of handset-based e-mail services generated total revenues of 374 million yuan (US\$56.2 million) in the third quarter, with China Mobile, China Unicom and China Telecom sharing 66.94 percent, 22.20 percent and 2.62 percent respectively of the amount.
- **Chinese manufacturers of non-smartphones altogether will occupy a bigger market share than Nokia Corp., the world's largest handset maker, for the first time this year, according to local research firm Digitimes Research.** The world will see sales of 1.17 billion non-smartphone units in 2010, with Nokia taking the largest share of 29.4 percent. If Chinese non-smartphone makers are seen as a collective group, their combined market share, at 34.2 percent, will surpass Nokia's for the first time this year. The report attributed Chinese manufacturers' competitive advantage to their efforts to meet the demands of emerging markets and their ability to turn out low-priced products with good specifications. Global shipments of handsets that are not smartphones might reach 1.11 billion units. Nokia will remain in top place next year with a 29.7 percent market share, while the total market share of Chinese makers will hit a higher 34.8 percent. Samsung Electronics will come in second place with a

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19.8 percent market share predicted for 2011; and LG Electronics will enjoy a 10.1 percent market share.

Telecommunications

- **Qiao Xing Mobile Communication revenues for third quarter declined 286 million yuan (US\$42.9 million), because of lower unit shipments and a decrease in the average selling price of products sold in the third quarter.** Total handset shipments in the quarter were approximately declined 8.9 percent to 370,000 units from 406,000 units year-on-year due to fewer new model launches and a slow-down in shipments amid accelerating competition in the handset market. The ASP of handset products decreased to 746 yuan (US\$112) in the third quarter of 2009 due to more aggressive pricing to drive sales in an increasingly competitive environment. Gross margin declined to 3.2 percent from 15.5 percent the year-over-year decline in gross margin arose primarily due to the decline in ASP. Net loss narrowed to 54.1 million yuan (US\$8.1 million).
- **China Mobile will deploy 90,000 2G base stations and between 20,000 and 30,000 TD-SCDMA base stations in 2011.** China Mobile will surge its total number of TD-SCDMA base stations to 300,000 in 2012. In 2011, China Mobile aims TD-SCDMA to achieve a penetration rate of 20 percent and deploy 32 experimental TD-SCDMA technologies on the network including technologies in network capacity, applied engineering, optimisation and upgrade methods, IP conversion and TD-SCDMA/2G integration. China's Ministry of Industry and Information Industry (MIIT) plans to see 3G network coverage extend to all cities at the prefecture-level and above as well as the majority of rural county towns and villages in 2011.

Semiconductor

- **MediaTek's subsidiary Gaintech has invested US\$2.2 million in China-based mobile security service provider NetQin Mobile through a holding company to get involved in handset software business, reports Cens.com.** Gaintech invested in NetQin through venture capital fund CMC Capital Investments. NetQin has paid-in capital of 108 million yuan (US\$16.2 million) and engages in the development, design and manufacturing of computer and handset software as well as development and design computers and handsets. NetQin's software products range from antivirus programs for mobile phones, control and management software for onboard communications and handset management software. NetQin also develops security software for cloud computing systems and its products have reached 60 million customers worldwide.
- **Linktone's revenues surged in the third quarter while profits slipped.** Gross revenues were US\$19.8 million, up 43 percent from US\$13.8 million in the year-ago quarter. Data-related services revenue (SMS, MMS, and Wap) was US\$11.4 million. Gross profit surged 33 percent to US\$6.9 million and operating income was US\$1 million versus an operating loss of US\$100,000 in Q3 2009. Linktone had net income of US\$600,000. For the fourth quarter, Linktone expects revenues to be between US\$20 to 21 million.

Taiwan

Telecommunications

- **Taiwan's cabinet will extend the validity of the 2G licenses to June 2017 and will issue five new mobile licenses in July 2015 at the latest because the ending license validity in 2012 and 2013 as scheduled will affect the interest of the 2G service subscribers.** Taiwan's 2G service providers appreciated the government decision. They offered the government their suggestions in

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November that the licenses should be extended to protect the interest of their subscribers. When expiring in 2017, 2G service will no longer be offered on the island. The government will auction five new licenses using the frequency spectrum it recalls from 2G providers.

Hardware

- **Hewlett-Packard (HP) and Acer took deliveries of 3.3-3.4 million and 2.9-3 million notebooks, respectively, from Taiwan-based makers in November, with the volumes smaller than the originally expected four million and 3.6 million units, respectively, according to Taiwan-based component makers.**

Hong Kong

Telecommunications

- **Pacnet has announced the launch of its Hong Kong Data Landing Station (DLS), the first carrier neutral data center facility of its kind in the Asia Pacific region with direct high-speed connectivity into Pacnet's pan-Asian subsea cable network.** The second DLS is expected to be launched in Singapore, followed by a virtual DLS in Australia. As a carrier neutral facility, the Hong Kong DLS offers customers the flexibility of choosing the domestic carrier of their choice to deliver domestic connectivity to and from the DLS, including direct connections to EAC-C2C, Pacnet's privately owned subsea network in Asia. The new DLS in Hong Kong is about 3,300 square feet Tier III data center and is the latest addition to the more than 92,900 square feet of data center space that Pacnet has globally. It features a high power density of up to 8 KVA per cabinet offering co-location and managed connectivity service for customers.
- **Hong Kong's Office of the Telecommunications Authority will have an auction of radio spectrum in the 850 MHz, 900 MHz and 2 GHz bands earlier next year.** The number of mobile users capable of gaining access to mobile data services boosted from 2.9 million in December 2007 to 5.8 million in July 2010. The volume of mobile data usage surged 38 times from 32 terabytes to 1,236 TB. The radio spectrum available in the auction is divided into four frequency bands, namely frequency band A (832.5 - 837.5 MHz paired with 877.5 - 882.5 MHz; 10 MHz in total), frequency band B (885 - 890 MHz paired with 930 - 935 MHz; 10 MHz in total), frequency band C1 (2010.0 - 2014.8 MHz; 4.8 MHz in total) and frequency band C2 (2014.8 - 2019.7 MHz; 4.9 MHz in total). Ofta will auction the frequency bands using the simultaneous multiple round ascending method with an internet-based software platform.

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **An independent study commissioned by the GSMA reveals that increasing Mobile Broadband penetration in India can have significant benefits for the national economy. The research found that increasing broadband penetration by just 1% will contribute INR 162 billion (US\$3.6 billion) to India's GDP by 2015.** Delivering widespread Mobile Broadband access across rural and urban areas of India will be crucial if the government is to reach its national broadband plan target of 100 million connections by 2014. Mobile Broadband is the most scalable and cost effective means to deliver on these goals while presenting a wide variety of social and economic benefits to India. This would also generate new revenue streams across consumer and retail, financial services,

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social services such as education and healthcare, and other corporate vertical sectors. Analysys Mason estimates that allocating an extra 5MHz of 3G spectrum per licensee could increase Mobile Broadband penetration by more than 35%, resulting in almost 160 million 3G users by 2015. This would also increase national broadband penetration by 3.3%, resulting in an additional INR 538 billion (US\$12.0 billion) to India's GDP by 2015. By this time, Mobile Broadband could contribute a total of INR 2,190 billion (US\$48.7 billion) to the Indian economy

- **Almost 72 percent of Indians were comfortable with receiving mobile ads as 50 percent were ready to receive them, according to InMobi and comScore.** 46 percent had benefited from being introduced to a new product through advertising, 50 percent were willing to receive ads in exchange for free applications and 53 percent in return for a lower bill. Men under-25 is the category that mobile advertising is most appealed to and most likely to be early adopters. In the smartphone market, Nokia was dominant in Asia with iPhone and Android managing 11 percent and 2.5 percent respectively. Nokia also dominated when it came to the share of impressions with 47 percent globally and 61 percent in Asia. iPhone has a 2 percent share of impressions in Asia but is also the fastest growing.
- **The official figures released by the Telecom Regulatory Authority of India (TRAI) said there was an over 2.5 percent surge in the number of mobile users in the country by the end of September.** The number of mobile connections in the country reached 687.71 million as on September 30, with the addition of 17.10 million subscribers. The wireless phone user base surged 2.55 percent to 687.71 mn in September. With this, the total telephone subscriber base in the country, both wireless and wireline connections combined, touched 723.28 million. The total telephone density reached 60.99 percent. Surprisingly, the growth in wireless phone category in the month was led by state-owned Bharat Sanchar Nigam Limited with 13.36 percent of the net additions in September, taking its user base to 78.3 million users. The other telecom service providers who did better than the country's largest telecom operator Bharti Airtel were Uninor and Tata Teleservices each of which added 2.2 million users taking their total subscriber base to 11.2 million and 79 million respectively. Bharti Airtel and Reliance Communications added two million users each, taking the total subscriber base to 143.3 million and 117.3 million respectively. Bharti was fourth in the line for additions with 11.93 percent surge in its subscriber base. The broadband subscriber base rose 2.08 percent from 10.08 mn in August to 10.29 million in September 2010.

Telecommunications

- **C&W announced that it has set up a new global markets solutions centre (GMSC) in Bangalore that would seat 500 people.** This is C&W's first centre outside U.K. and will be an innovation hub for offshore product development for the company's global markets - those outside U.K. including Asia Pacific, Middle East, Africa and North America. Head of international product management C&W World Alex Connors clarified the move to locate its GMSC in India was not driven cost but by the fact that huge market potential was unfolding in the country.
- **The cloud computing market in India is seen to surge at a CAGR of 40 percent by 2014, from an estimated US\$66.7 million in 2009, driven by cost and performance efficiencies.** Current State and Future Roadmap Study 2010', the Indian public cloud computing market was estimated to be US\$66.7 million in 2009. Cloud computing is an internet-based facility to share technological resources, software and digital information. The emerging field would function on a pay-per-use model, helping companies bring down operational costs. This feature has sparked a high degree of interest and debate among technology vendors, users and channel partners alike.

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- **Infotel Broadband Services Ltd. will borrow an additional US\$500 million beyond the core size of an earlier planned US\$1 billion dollar loan.** The Reliance Industries Ltd.'s unit will release its services in India. Infotel Broadband will compete with telecom majors like Bharti Airtel Ltd. and U.S.-based Qualcomm Inc. in some service areas in the world's fastest-growing telecom market. Infotel Broadband will raise the additional US\$500 million through a loan with a maturity of five years and paying an interest rate of 225 basis points over Libor. The initial US\$1 billion was to be raised through two equal tranches: a five-year loan, paying an interest rate of 225 basis points over Libor, and a loan with a six-year tenure, and an average maturity of 61 months, paying an interest rate of 230 basis points over the Libor. The first tranche had the option to raise additional funds, an option commonly known as a greenshoe, which is now being exercised. Seventeen banks are seen to participate in the deal, which is likely to be signed by early next week.
- **India's telecom regulator TRAI has proposed cancelling 38 licenses of telecom operators, including the Indian joint ventures of Telenor ASA, Emirates Telecommunications Corp. and Sistema JSFC, India's junior communications minister cited.** TRAI wants the cancellation of 31 more licenses, which mostly are under the group who were issued licenses in January 2008. Among these were Aircel Ltd. for four service areas; Loop Telecom Pvt. Ltd. in 14 service areas; Etisalat DB Telecom Pvt. Ltd. in two service areas; Sistema Shyam Teleservices Ltd. in 10 service areas and Unitech Wireless Ltd. in eight areas, Sachin Pilot said. Legal examination may have more license cancellations, like one each of Aircel and Sistema Shyam Teleservices, 13 of Etisalat DB Telecom, six of Loop Telecom and 10 of Videocon Telecommunications Ltd.
- **BSNL and MTNL have over Rs 6,491 crore (US\$1.4 billion) in dues from their customers.** The companies had already sent payment reminders, disconnection of services and offering incentives for BSNL employees.
- **Spice i2i said the acquisition of NewTel Corporation is worth US\$22 million.** This will aid Spice i2i extend its market share to the Greater Mekong Sub-region, which includes countries such as Thailand, Vietnam, Myanmar, Cambodia and Laos, Spice Group Chairman BK Modi said. Spice has acquired the company for a consideration of US\$22 million. NewTel Corporation had turnover of about US\$56 million for the year 2009. NewTel is the second largest local mobile handset player in Thailand, with a market share of about eight percent.
- **India's telecommunications regulator suggested setting up a broadband network covering the entire country at an investment of INR600 billion (US\$13.04 billion), as it seeks to take faster data-transfer and Internet services to most villages.** The plan proposes to offer 75 million broadband connections over the next two years and 160 million connections by 2014, the Telecom Regulatory Authority of India said. On an average, just eight among 1,000 Indians have access to broadband as of Sept. 30, leaving a large untapped market. The country might meet only half of its target to have 20 million broadband users by the end of 2010. An optical fiber network with open access to carry broadband services could be established in two phases. It could be financed by the government's universal service obligation fund and loans given or guaranteed by the government. It suggested completing the first phase, covering all cities as well as urban and some rural areas, by 2012. While the second phase, extending to all villages with a population of at least 500, could be completed by 2013.

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- **Sistema Shyam TeleServices expected its net income to reach US\$507 million for the quarter ended September 30, 2010, over the same period last year.** Total revenues stood at US\$7.3 billion during the quarter under review, against US\$5.33 billion in the same year-ago period. The Group had cash balances of US\$4,009.5 million as of September 30, 2010 with net debt of US\$10,459.8 million.
- **The supervisors union of the Philippine Long Distance Telephone (PLDT) wants to have a basic salary increase of PHP 24,000 (US\$550) for each of its 3,886 members.** The management of the Philippines' telecommunications group is implementing a retrenchment programme which will lessen its work force to by 850 from 13,000 by the end of this year. This could save PLDT an estimated PHP 1 billion (US\$22.9 million) a year in manpower costs. In its CBA proposal, Guts, PLDT labor union, is also seeking participation in the ownership of PLDT shares which are usually given to employees through the company's stock option programme. Guts wants a 25 percent basic salary increase. The union also proposed the a two day school enrollment leave, one-day professional leave, one-day birthday leave, a quarterly incentive bonus equivalent to one month of basic pay, a supervisory incentive pay equivalent to one month basic pay per year and a five year pension plan which is equivalent to 75 percent of basic monthly salary.
- **Philippine Long Distance Telephone (PLDT) has completed a PHP 2.8 billion (US\$64.1 million) expansion of its Domestic Fibre Optic Network (DFON).** The project includes the installation of 1,300 km of terrestrial and submarine fiber optic cables to carry voice, data and video traffic in Bicol, Visayas and Mindanao regions. The project covers the third leg of DFON Loop 4 from Lucena City to Cebu City, passing through eleven provinces. There are 1,070 km of terrestrial fibre optic cables and 230 kilometers of submarine fiber optic cables, with three new DFON nodes or stations in Calauag, Quezon; Naga, Camarines Sur and Masbate, Masbate. This expands the coverage of DFON in provinces such as Quezon, Camarines Norte, Camarines Sur, Sorsogon, Masbate, Capiz, Iloilo, Negros Occidental, Negros Oriental and Cebu.
- Two undersea telecommunication facilities located in the Philippines were on a list of critical infrastructure and key resources of the U.S. in foreign countries which, if attacked, could harm U.S. interests, a secret cable released by online whistle-blower WikiLeaks showed. The facilities were undersea cable landings in Cavite and Batangas that are part of the EAC-C2C, Asia's largest submarine network that connects phone and data lines between countries. The facilities are owned by Pacnet. WikiLeaks posted the document on its website on Dec. 5. The memo was dated Feb. 2, 2009, and originated from the U.S. Secretary of State. It catalogued hundreds of crucial overseas facilities, including telecommunication cable facilities, hydroelectric plants, pipelines, pharmaceutical companies, mines, and even ocean passageways. The posting of the list—compiled by the Department of Homeland Security (DHS) with assistance from the Department of State and other government agencies—drew condemnation from US officials, who said it threatened national security. Department of Foreign Affairs spokesperson Eduardo Malaya declined to comment, noting that “these reports are internal to the US government.” U.S. Embassy in Manila spokesperson Rebecca Thompson had earlier said the state department “does not comment on classified documents, which may have been leaked,” as a matter of policy. Of the more than 25,000 U.S. memos acquired by WikiLeaks, 1,796 originated from the U.S. Embassy in Manila although none had been posted online. On the other hand, there were 2,036 documents with references to the Philippines.
- **Hewlett-Packard Co. will set up three outsourcing centers in India to meet the accelerating demand for low-cost services from clients around the world.** The company hopes to have more presence in low-cost centers such as India in an effort to fight competitors such as IBM, Accenture and Dell. H-P's new centers might add close to 500,000 square feet of real estate. The company will

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hire additional employees. Companies like H-P, IBM and Dell have been employing in India to benefit from a large pool of English-speaking computer engineers and support staff. Indian companies will seek vendors as to expand in the domestic and global market.

Media, Gaming and Entertainment

- **India's Peepul Capital LLC is looking at large-scale investments in the media and entertainment sectors, said Srinu Raju, co-founder.** The firm has previously made some successful investments in these sectors. Raju said currently they have a few proposals, which the company is exploring the investment potential. Post-recession, revenues have clearly improved but there is not much improvement in the distribution costs and the PE firm will stay away from investing in the film industry for time being. iLabs Capital, invested in several media and entertainment companies such as ABC, IANS, DQ Entertainment and other online gaming and advertisement firms. Consolidation is inevitable in every industry and in media and entertainment segment, it still hasn't happened to the extent expected.
- **Prime Focus has received orders worth Rs 200 crore (US\$44 million) from a Hollywood studio.** Stereoscopic conversion is the process where 2D motion picture material is converted to 3D. The jobs will be carried out between the company's facilities in North America, UK and India, it added without divulging details about the Hollywood studio. Prime focus has also done work for some of the big budget Hollywood films such as Avatar, Clash of Titans, Cats & Dogs, My Soul to Take and Narnia. The company has a proprietary system called 'View-D' that converts 2D moving images to 3D.

United States/Canada

Telecommunications

- **Standard & Poor's Ratings Services downgraded telecommunications giants Verizon Communications Inc. and AT&T Inc. each by a notch from A to A-, leaving them four steps above junk territory.** S&P said Verizon's rating was cut because although its business overall is strong--mainly because of growth at Verizon Wireless, which is a joint operation of Verizon and the U.K.'s Vodafone Group PLC--growth is slowing and Verizon faces increasing challenges "both from competitive telecom carriers for its enterprise business, as well as from the cable-TV companies for its consumer business." S&P also noted that the wireless segment faces increased competition from lower-end price plans, "where industry growth is currently the strongest." Meanwhile, S&P said the downgrade of AT&T comes as it expects the company's debt reduction to be limited and that "the company will pursue a financial policy" that wouldn't be reflective of the old rating. It noted that AT&T had about US\$69 billion of debt outstanding as of Sept. 30.
- **Salesforce.com will acquire the Heroku cloud platform for US\$212 million to be in the leading position in programming tools for applications residing on the Internet.** Salesforce will grant restricted stock and restricted stock units valued at US\$27 million to Heroku employees and pay about US\$10 million for unvested Heroku shares. This represents that Salesforce wants to create a fuller platform for software-application development, according to Al Hilwa, a software analyst at market watcher IDC. The deal will surge Salesforce's share in the market for public information-technology cloud services. IDC said that space is expected to increase 27 percent a year to US\$55.5 billion in 2014.

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- **Juniper Networks announced it has acquired Altor Networks, a leading provider of virtualization security technology that enables organizations to secure the virtualized world.** This acquisition will allow Juniper to extend its market-leading security position by delivering an integrated, highly-scalable security architecture that protects physical and virtual systems. Under the terms of the agreement, Juniper acquired Altor for a cash purchase price of approximately US\$95 million, net of Altor shares already owned by Juniper.
- **Clearwire Corp. is still open to other options for financing, and will provide an update on additional financing by the end of the year or early next year.** The cash-strapped company will raise US\$1.1 billion by issuing debt. But it's only the first of a multi-part financing plan, Chief Financial Officer Erik Prusch said. The company is exploring the sale of equity, and assets such as unused wireless spectrum. Clearwire is considering selling 20 percent of its spectrum assets, worth roughly US\$2 billion. The company originally intended to announce both a debt, equity and spectrum sale simultaneously, but opted to move quicker with the debt offering because of the attractive terms offered at this time. There wasn't a guarantee that the company would complete the other legs of the company's financing plan. Clearwire is also in a dispute with its largest customer and majority shareholder Sprint Nextel Corp. over the pricing of the service.
- **Verizon Communications Inc.'s Chief Technology Officer Shaygan Kheradpir will step down this month to become chief operating officer for Barclays PLC's global retail banking division at the beginning of 2011.** Anthony Melone will replace his position. Melone was Verizon Wireless' technology chief in 2007 and has overseen the wireless-telecommunications provider's upgrade in launching the joint venture's fourth-generation services. Verizon Wireless is a merging company between Verizon and Vodafone Group PLC.

Internet

- **According to an SEC filing, Echo 360, Inc. raised US\$1 million of a US\$2 million mixed securities offering.** Repeat investors Charlottesville, Va.-based Court Square Ventures, Wayne, Pa.-based SCP Partners and Newton Center, Mass.-based SoftBank Capital participated, as they did in the company's April 2010 funding of US\$26.38 million. In October of 2008 the company closed a US\$15 million Series B round. Echo 360 provides online, on-demand lectures for college students, as part of the Rewind Revolution, which enables students to relive the classroom experience online. Echo360 says it invented campus-wide lecture capture for higher education, for deployment and support by colleges and universities. Echo36's CEO Fred Singer was with Softbank Corporation since 2003 as a Senior Advisor to Masayoshi Son, President and CEO of Softbank Corporation in Japan. Previously, he was a senior vice president at America Online.
- **Netflix Inc. announced longtime Chief Financial officer Barry McCarthy is stepping down and will be succeeded by finance veteran David Wells on Dec. 10.** McCarthy's departure comes a week after he sold 100,000 shares at a price above US\$200 as part of a prearranged stock sales plan.
- **Google Inc. will acquire video software maker Widevine Technologies Inc.** Widevine's video delivery optimization software and digital rights management (DRM) platform will enable it to more effectively stream videos to users. Streaming video is rapidly becoming the standard way for users watch content instantly, such as on Google's YouTube, where users view at least 2 billion videos every day, as well as on popular movie subscription services and tablet devices. Google is committed to maintaining Widevine's agreements with customers and providing support for existing and future clients. The Internet search giant will build upon Widevine's technology to enhance its products and Google's. Widevine Chief Executive Brian Baker was excited to have access to Google's vast resources

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so his company can continue to improve products, support customers, and meet the future needs of consumers, content owners, service providers and device manufacturers.

- **Google Inc. acquired Phonetic Arts to develop new products including one wherein computers speak to users.** Google centered on computer-generated speech in games, allowing computer games to say sentences in any type of voice. Google made some strides with speech technologies and tools that take voice input, like allowing users to speak web searches, compose emails by voice, or ask their phone to play any song. Phonetic Arts researchers and engineers would join Google's engineering team in London.
- **The amount of time users spend using Yahoo's key email service is declining due to the increasing people who are using social network site Facebook's "Wall" to communicate with each other, Yahoo Chief Executive Carol Bartz said.** Bartz offered a spirited defense of the beleaguered which was in strike with Microsoft Corp. and shed non-core properties so it can focus on its key Web pages and display advertising business. Yahoo is under increasing pressure from Facebook, as it surpassed 500 million users. Facebook's key social features include the Wall. Facebook unveiled a new messaging system that combines email, instant messenger and text messages, which aims to transfer users away from Google's and Yahoo's email services.

Software

- **Oracle Corp. is expected to have accelerating gains in profit and sales due to the boosting corporate spending.** FactSet Research cited that Oracle will have earnings excluding one-time items of 46 cents a share for the period ended in November, and US\$8.3 billion in revenue. Oracle was affected by the general uptick in corporate spending on information technology, and from contributions made by its growing hardware business, due to the recent acquisition of hardware specialist Sun Microsystems.

Hardware

- **Dell Inc. is planning to acquire Compellent Technologies Inc. for US\$900 million.** Dell and Compellent said that the deal is not yet certain. UBS AG's investment banking group is advising Dell in its bid. UBS also advised IBM in its offer for data specialist Netezza Corp. Acquiring Compellent will support Dell's strategy to build its enterprise solutions portfolio and enhance its storage offerings.

Europe

Mobile/ Wireless

- **Telefon AB L.M. Ericsson said that Chairman Michael Treschow will resign in 2011 or 2012.** Treschow, aged 67, was appointed chairman of Ericsson in March 2002. He is also chairman of the board of Unilever PLC and a director of the board of ABB Ltd.
- **French Industry and Energy Minister Eric Besson wants mobile telephone operators to cover 99 percent of the country by 2025 with ultra high-speed mobile networks, commonly referred to 4G, according to Europe1.** The Ministry is preparing the process to award mobile spectrum for the 4G mobile network. The process will be carried out in mid-2011. The 800 MHz frequencies are precious and rare and therefore expensive.

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Media, Gaming and Entertainment

- **Yell Group PLC is preparing an emergency review that could see the sale of its American arm.** Chief Executive Mike Pocock is seen to consider asset sales and a debt-for-equity swap in a bid to get the company's GBP2.9 billion (US\$5 billion) debt under control. Yell has faced mounting competition both from rival directories publishers and from Internet-based services such as Google which are increasingly sidelining directories. Yell is a leading international directories business operating in the classified advertising and local search markets in the U.K., U.S., Spain and Latin America.

Telecommunications

- **Alternative Networks PLC is weighing up acquisition targets in the data sector as it aims to boost data services' share of group revenue to one third.** The firm wants to have more acquisitions in the coming year, CEO James Murray said. Data services contribute between 15 percent and 20 percent of the company's revenue. Any acquisition would likely be a company with annual revenue of GBP15 million (US\$23.7 million) to GBP25 million (US\$39.5 million). Although Alternative Networks would consider a larger buy. The firm currently has GBP11.1 million (US\$17.5 million) net cash. The company acquired Scalable Communications PLC for GBP7.5 million (US\$12 million), one of two potential opportunities it had highlighted in late 2009.
- **Alternative Networks PLC had a 30 percent surge in full-year pretax profit as it gained mobile and fixed-line customers and boosted margins.** For the year to Sept. 30 pretax profit was GBP9.24 million (US\$14.6 million), on revenue that surged 7 percent to GBP96.2 million (US\$152 million). The firm raised its total dividend 78 percent to 9.1 pence a share, including a 3 pence a share special dividend paid in April.
- **TeliaSonera AB will pay around 1.1 billion Swedish kronor (US\$160 million) to raise its stake in TeliaSonera Asia Holding B.V. to 75.45 percent from 51 percent.** The Dutch holding company owns 80 percent of operator Ncell in Nepal and 100 percent of operator Applifone in Cambodia, and through the transaction TeliaSonera's indirect ownership in Ncell will surge to 60.4 percent from 40.8 percent. It said it also has the right to surge its ownership in Ncell to 72.9 percent if certain conditions are met. Applifone will also combine its operations with Latelz Co. Ltd. and its brand Smart Mobile. TeliaSonera Asia Holding B.V. will own 25 percent of the combined company.

Investments/ Ventures

- **Daisy Group PLC expects to have acquisitions in the coming year, as it had widened half-year pretax loss.** Daisy might extend its GBP75 million (US\$118.5 million) bank debt facility to acquire more. Most of the facility has been drawn down to fund the acquisitions of Spiritel for GBP27.3 million (US\$43.1 million) in November as NEG MBO Two Ltd. will be worth GBP23.5 million (US\$37.2 million). Daisy might not utilize equity funding to finance a deal. For the six months ended Sept. 30, the company had a pretax loss of GBP9.84 million (US\$16 million). Revenue surged four times to GBP120.0 million (US\$ 190million) as it engaged in numerous acquisitions.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/6/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	83.9100	1.7%	2.6%	-9.7%	-9.0%
Hong Kong dollar	HK\$/ US\$	7.7732	0.1%	0.3%	0.3%	0.3%
Chinese renmenbi	RMB/ US\$	6.6550	-0.1%	0.2%	-2.5%	-2.5%
Singapore dollar	S\$/ US\$	1.3072	0.4%	1.4%	-7.0%	-10.6%
South Korean won	KRW/ US\$	1,143.0000	0.6%	2.6%	-1.8%	-13.2%
New Taiwan dollar	NT\$/ US\$	30.1650	-0.2%	0.1%	-5.6%	-7.9%
Australian dollar	US\$/A\$	0.9854	-0.7%	-1.8%	9.8%	38.7%
New Zealand dollar	US\$/NZ\$	0.7480	-2.3%	-3.8%	3.3%	27.9%
Philippine peso	PHP/ US\$	43.6500	-0.2%	1.4%	-6.0%	-7.5%
Euro	US\$/€	1.3233	-1.4%	-3.9%	-7.6%	-4.6%
British pound	US\$/£	1.5816	0.3%	-1.1%	-2.1%	8.9%

Fixed Income Prices and Yields

Note	Currency	Current (on 12/6/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.97	4.43%	98.88	4.36%	93.70	4.25%
Japan 30-year	¥	96.28	2.21%	97.35	2.13%	99.96	2.00%
Hong Kong 10-year	HK\$	95.70	2.83%	96.07	2.91%	101.65	2.21%
China (06/16)	US\$	105.16	3.64%	105.12	3.69%	107.31	1.92%
Singapore 10-year	S\$	104.63	2.71%	106.38	2.52%	111.80	3.25%
South Korea 20-year	KRW	11,190.29	4.56%	11,482.72	4.59%	11,123.76	4.78%
Australia 15-year	A\$	100.00	5.75%	101.63	5.56%	102.91	5.41%
New Zealand (12/17)	NZ\$	101.62	5.76%	101.90	5.84%	105.05	5.34%
Philippines 20-year	PHP	141.36	8.22%	142.56	8.29%	144.92	7.95%
India 30-year	INR	97.92	8.49%	97.81	8.68%	98.62	8.43%
UK 30-year	£	98.03	4.37%	98.44	4.40%	101.48	4.16%
Germany 30-year	€	124.82	3.41%	125.43	3.38%	135.27	2.95%

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