



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

Week of 10 January 2011 - 16 January 2011

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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 (1/14/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,293.24	1.7%	4.3%	2.8%	16.0%
Dow Jones Industrial Avg.	11,787.38	0.96%	3.1%	1.8%	13.0%
Dow Jones Tech. Index	469.03	2.4%	5.6%	4.2%	16.5%
Dow Jones Telecom. Index	235.20	0.6%	1.0%	0.3%	7.1%
NASDAQ Composite	2,755.30	1.9%	5.0%	3.9%	21.4%
Japan Nikkei 225	10,499.04	-0.4%	2.0%	2.6%	-0.4%
JASDAQ	53.33	1.5%	3.6%	2.0%	10.3%
Japan Mothers	474.10	5.5%	15.9%	9.3%	13.9%
Korea KOSPI Composite	2,108.17	1.1%	5.6%	2.8%	25.3%
Korea Kosdaq	535.20	0.8%	4.2%	4.8%	4.2%
Taiwan Stock Exchange	8,972.51	2.2%	2.7%	0.0%	9.6%
Singapore Straight Times	3,912.80	-3.0%	2.1%	0.1%	30.8%
Hong Kong Hang Seng	24,283.23	2.5%	4.1%	5.4%	11.0%
Hong Kong GEM	803.28	-1.7%	-4.6%	-0.9%	18.7%
China Shanghai (A-Share)	2,922.50	-1.7%	-4.5%	-0.6%	-15.0%
China Shenzhen (A-Share)	1,289.60	-4.6%	-8.0%	-4.6%	2.2%
China Shanghai (B-Share)	306.55	-0.3%	0.5%	0.7%	21.4%
China Shenzhen (B-Share)	818.26	-2.1%	-3.9%	-0.8%	30.7%

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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
1/14/11	Boingo Wireless	Telecom	US\$75	Wifi access specialist	Credit Suisse and Deutsche Bank
1/12/11	Demand Media Inc. [NYSE: DMD]	Internet	US\$112.5	Internet content provider	Goldman Sachs and Morgan Stanley
1/12/11	Interxion NV [NYSE: INXN]	Technology	US\$780	European colocation and data center specialist	BofA Merrill Lynch, Citi and Barclays Capital
1/10/11	BCD Semiconductor [NASDAQ: BCDS]	Semiconductor	US\$86.3	Chinese semiconductor company	Stifel Nicolaus Weisel
N/A					

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

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

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

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

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Weekly Highlights

International

Mobile/ Wireless

- **The number of downloadable applications on offer for mobile smartphones surged in 2010 from a year earlier with Apple's App Store showing the fastest growth rate in absolute numbers, according to apps analytics Distimo.** The number of applications available for the iPhone through Apple's App Store doubled in the past year to around 300,000, its rivals generated faster growth in terms of percentage, although from a lower level. The number of apps in Android Market, the online store for smartphones based on Google's open Android platform, at least quintupled to around 130,000. Handset vendors including Samsung Electronics, HTC and Sony Ericsson use Android's fast-spreading mobile platform in their smartphones. Nokia's online Ovi Store and Research in Motion's BlackBerry App World both surged around 260 percent in 2010, to 25,000 and 18,000 applications respectively. Sales of smartphones, which have open operating systems allowing for downloads of additional content from online stores, have surged rapidly over the past few years.
- **Research firm Ovum expects that there will be between 925 million and 1.54 billion registered mobile money users in emerging markets in 2015.** The research firm has an optimistic uptake in Asia due to the strong level of banking penetration and the resultant demand from the unbanked population. Emerging markets include Africa, Eastern Europe, Developing Asia (Asia excluding Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea, Taiwan), Middle East, and South and Central America.
- **According to Juniper research, adspend on mobile games will grow tenfold from US\$87 million in 2010 to US\$894 million by 2015.** It predicts such a rapid rise will be fuelled by increasing brand interest in mobile as an advertising channel and apps, of which games are the dominant sector. Full versions of games are offered free to consumers, bankrolled by in-game advertising and the report said opportunities in this area have been bolstered by the launch of platforms designed to optimize the deployment of adverts within apps, such as Apple's iAd. The research also revealed that games are being successfully deployed as marketing tools by brands to create new opportunities for developers. However, the report predicts that while growth in adspend on mobile games will be higher than for end-user revenues, the latter business model will continue to be the primary source of revenue for players in the industry. It reckons that end-user revenues (including pay-per-download and in-game purchases) will still be 10 times higher than adspend in 2015.
- **Ericsson predicts that the number of mobile broadband subscriptions worldwide will double over the course of 12 months, reaching 1 billion during 2011.** The industry reached the half a billion milestone in 2010. Ericsson expects mobile broadband customers to number at least 3.8 billion by 2015, 95 percent of which will be HSPA, CDMA and LTE connections. The Asia-Pacific region will make the biggest contribution to the 1 billion subscribers figure, notching up 400 million connections, Ericsson claimed. North America and Western Europe will be home to 200 million each.

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Hardware

- **According to Gartner, global shipments of personal computers posted weaker-than-expected growth in the fourth quarter as consumer sales softened and interest in touchscreen tablets picked up.** The results underscore challenges facing top computer makers as market interest moves to smaller, more mobile devices. While laptops might have replaced desktops, now even their place in the market is being threatened by touchscreen tablets, such as iPad. Hewlett-Packard maintained its position as the world's top PC vendor, according to IDC and Gartner although the two differed on whether Dell or Acer was second. In the U.S., Apple continued to show the fastest growth among the leaders, with Toshiba also registering strong gains. Overall fourth-quarter results, though, were disappointing, as competitive prices and promotions for the holiday shopping season were unable to stir consumers. Global shipments surged only 2.7 percent, less than half its projected surge of 5.5 percent.

Japan

Telecommunications

- **Subscriptions to fixed-line telephone service in Japan reached 57.62 million contracts as of Sept. 30, slipping 0.2 per cent from three months earlier to continue their decline.** The figure has been in a downtrend since hitting 62.85 million at the end of March 1998. This fiscal year will likely mark the 13th straight year of declines. Subscriptions to Nippon Telegraph and Telephone Corp. fixed-line phone services declined 2.3 per cent to 36.22 million. But IP (Internet Protocol) phone contracts rose 5.1 per cent to 16.17 million. Mobile phone contracts edged up 1.3 per cent to 119.18 million. A decline in PHS (personal handyphone system) plans was offset by a surge in subscribers to cellular phone plans. A surging number of people have cell phones exclusively.
- **KDDI has purchased 93,634 own shares in the open market in December.** The total purchase amount was 45.92 billion yen (US\$554 million). KDDI's board approved a share repurchase plan in October which runs until 31 March. Under the program, KDDI has acquired back 185,589 own shares.
- **Japanese mobile operators added a total of 661,400 new mobile customers in December to bring their total to 117.060 million mobile subscribers, figures from the Telecommunications Carrier Association (TCA) show.** Softbank again led in subscriber additions during the month as it added 324,900 new customers to reach a total of 24.399 million. NTT Docomo attracted 169,600 new customers in December to bring its total to 57.210 million and KDDI won 95,400 new subscribers to reach a total of 32.527 million at end-December. Emobile signed up 71,400 new customers and ended the month with 2.924 million subscribers. Broadband Wireless Access provider UQ Communications gained 89,200 new customers in December to bring its total to 524,400. PHS provider Willcom shed 43,500 customers, which brings the company's total to 3.648 million. Willcom filed for bankruptcy last year and has begun a rehabilitation process.

Semiconductor

- **Japan's sales of equipment used to make semiconductors and flat screens will grow more slowly than previously forecast next fiscal year, as memory chip prices fall and panel-makers cut investment, the Semiconductor Equipment Association of Japan said.** Machinery sales will surge 2.2 percent from the current year to 1.67 trillion yen (US\$20 billion) in the 12 months beginning April. In July the sales might surge 14.6 percent in the period. The decline in prices of memory chips

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will force semiconductor makers to invest less than earlier anticipated. A glut of panel supplies and the postponement of plant construction in China will cause investment in display equipment to drop. Revenue from chip-making gear will surge 4.5 percent to 1.3 trillion yen (US\$15.6 billion) in the period, while sales of machines that make flat-panel displays will slide 5.1 percent to 370 billion yen (US\$4.5 billion).

Internet

- **Internet Initiative Japan (IIJ) has entered into a partnership agreement with Digital Garage to create a cloud-based information-sharing platform for enterprises.** The first effort of this partnership will be the placement of Digital Garage's ASP micro-blogging service, BirdFish, on the IIJ GIO Service, IIJ's cloud service, with both companies promoting BirdFish sales. Thereafter they will develop an information-sharing platform solution that integrates IIJ's cloud-based groupware, IIJ GIO Cybozu Garoon SaaS, with BirdFish.

Korea

Telecommunications

- **SK Group will raise its investment by 31 per cent this year from a year ago to 10.5 trillion won (US\$9.4 billion).** The biggest investment ever represents 10 per cent of SK Group's 2010 sales and is twice its 2005 investment. SK Group will spend 8.8 trillion won (US\$7.9 billion) on its domestic business, including information and telecommunications. One of the group's flagships is SK Telecom Co., South Korea's top mobile carrier. Of its domestic capital spending, SK Group will use 1.4 trillion won (US\$1.07 billion) toward research and development to preempt future core technologies such as green energy technologies. SK Group will invest 1.7 trillion won (US\$1.5 billion) in the overseas exploration of natural resources including crude and natural gas. SK Group will hire 3,000 new employees this year. The company acquired a 20 per cent stake in Skytel in exchange for out-of-use telecommunication equipment in 1999.
- **SK Telecom Co. has sold its entire 29.3 percent stake in Mongolia's Skytel LLC to existing shareholders raising a total of KRW28.3 billion (US\$25.4 million) and marking its exit from the country as the market becomes saturated.** The move is part of SK Telecom's ongoing strategy to pull out of unprofitable markets and shift its focus into other markets and business areas using more advanced network technology. In September last year, SK Telecom also sold its entire 3.8 percent stake in China Unicom (Hong Kong) Ltd. for US\$1.35 billion. In June 2008, SK Telecom sold its unprofitable U.S. mobile unit, Helio, for US\$39 million in stock to Virgin Mobile USA Inc., which was acquired by Sprint Nextel. SK Telecom sold the stake to existing shareholders in Mongolia including Sun Clay Group and Global Com LLC.

Mobile/Wireless

- **LG Uplus Corp has made inroads into the fast-growing mobile social networking market in South Korea in an effort to find new revenue sources.** The wireless and fixed-line operator introduced beta versions of two mobile-based social networking services last month that are available to all mobile phone users. Its Twitter-like "Wagle" service connects users with people on contact lists and let them share real-time messages for free. "Placebook," a location-based social networking service akin to Foursquare in the U.S., allows users to "check-in" at a certain location and post reviews and pictures. The company, which trails behind bigger rivals SK Telecom and KT in South Korea, joined hands with Facebook to offer free mobile Facebook service to its subscribers last year.

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China

Internet

- **Twitter-like micro-blogging service will have 150 million users in 2011, with 10 million new users joining every month, cited the director of Sina's Marketing Strategy Center, Ai Yong.** Sina had 50 million micro-blogging users by the end of October, and the company had formed a US\$200 million application development fund with several investment firms.

Telecommunications

- **China's telecommunication sector will attract total investment of 2 trillion yuan (US\$301 billion) over the 12th Five Year Plan, according to Hu Shan, an expert from the Ministry of Industrial and Information Technology (MIIT).** Hu Shan said that about 80 per cent of the total investment would be used to boost the development of broadband-related telecom services and infrastructure construction - an even greater share than the previous five-year's 40 percent. In the Chinese A-share market, broadband-related stocks include Fiberhome Telecom Technologies, Accelink Technologies, Sunsea Telecom, and Suzhou New Sea Union Telecom Technology.
- **Five major telecom operators from Taiwan and China signed a contract to build the first undersea cable directly linking the island and the mainland to meet rising demand.** Chang Xiaobing, chairman of China Unicom (Hong Kong) Ltd., signed the contract during a ceremony in Taipei that also included representatives from Chunghwa Telecom Co. and three other leading telecom operators from the island. Under the contract, which is pending the Taiwanese government's final approval, a 220-kilometre undersea cable will link Tamshui, a coastal town in the island's north, with southeast China's Fuzhou city. If the project is realized, the cable will become the first of its kind since 1949, when Taiwan and China split at the end of a civil war. Two other Chinese telecom operators will also sign the contract, thought to be worth around NT\$800 million (US\$26 million), at a later date.
- **ZTE Corp. aims to grow its global terminal shipments including handset, tablet and wireless data cards, by 40 percent this year as it is pushing its way to become the world's No. 3 handset vendor by 2013.** The Chinese company, which is looking to make a big push into the U.S. smartphone and tablet market, will launch its first batch of smartphones and tablets in the U.S. with carriers in the second half of this year after making good progress in the European and Asian mobile internet device markets. ZTE has been known to supply low-cost telecom equipment such as base stations to companies such as China Mobile Ltd. but it is also keen on beefing up its devices business. ZTE is already offering either feature phones or wireless data cards to the top four U.S. carriers comprising Deutsche Telekom's T-Mobile USA, AT&T Inc., Sprint Nextel Corp., and Verizon Wireless, a joint venture between Verizon Communications Inc. and Vodafone Group PLC, but it still can't supply network equipments to the major American operators because of political reasons.

Media, Entertainment and Gaming

- **Eighteen Chinese game companies established an "Online Games Intellectual Property Protection Alliance" on January 8 to combat illegal game servers and cheating programs.** The companies include Changyou, Perfect World, Giant Interactive, Shanda Games, Tencent, NetEase, and The9.

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Technology

- **China Crescent Enterprises's net income for the first nine months of 2010 amounted to US\$3.3 million, up from US\$1.9 million for the same period in 2009.** Based in Dallas and with operations in China, CCE provides software development, outsourcing, systems integrator and hardware distribution services. CCE's revenue and net income through the first three quarters of 2010 has exceeded the company's 2009 annual revenue and net income results. China Crescent reached US\$45.6 million in 2009 annual revenue with US\$2.2 million in net income.

Alternative Energy

- **LDK Solar forecasts to have revenue of US\$870 million to US\$910 million for the fourth quarter of 2010, bringing its full year total to US\$3.5 billion to 3.7 billion.** The figure represents a surge from previous guidance of US\$710 million and US\$750 million. LDK also raised guidance for fourth quarter wafer shipments to 615-620MW and module shipments to 160-165MW, bringing expected full year deliveries to 2.7-2.9GW of wafers and 800-900MW of modules. The company now expects its in-house polysilicon production for the quarter to reach 1,900-1,910MT, and its in-house cell production to hit 26-27MW, the report said. LDK narrowed its predicted gross margin to 25-27 percent for the quarter.

Taiwan

Telecommunications

- **Chunghwa Telecom targets mobile communications revenues of NT\$77.3 billion (US\$2.6 billion) this year.** Of the total mobile revenues in 2010, VAS revenues exceeded the company's target of NT\$10 billion (US\$345 million). Chunghwa also aims to surge the number of its mobile service subscribers to 10 million this year. Chunghwa Telecom had its fourth-quarter net profit at NT\$10.75 billion (US\$370 million), in line with the company's earlier forecast of NT\$10.65 billion (US\$367 million). Chunghwa Telecom had a net profit of NT\$10.58 billion (US\$364 million) in the fourth quarter in 2009. Chunghwa Telecom's unaudited net profit was NT\$47.69 billion (US\$1.6 billion).

Hong Kong

Telecommunications

- **The focus of Hong Kong operators will continue to shift from subscriber acquisition to subscriber retention, an effort to be pursued by increasing investment in service innovation, according to Pyramid research.** The Hong Kong telecommunication market may generate US\$4.8 billion in 2010, recovering to 2008 levels after a revenue decrease to US\$4.6 billion in 2009. In 2010, solid growth in mobile data usage and a recovery in mobile voice revenue due to surged usage levels will lead the market to renewed growth. The growth will continue over the next five years, when the territory's total telecommunication services market revenue will advance at a 2.8 percent CAGR to reach US\$5.5 billion in 2015. Data and content services will be the main growth drivers, with mobile data services rising at a 10 percent CAGR between 2010-2015 on the strength of surged adoption of data-centric devices, such as 3G data cards and smartphones.

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Singapore/Malaysia/Philippines/Indonesia/India

Internet

- **Groupon has launched Groupon India, Groupon Israel and Groupon South Africa via the acquisition of local daily deal sites SoSasta, Grouper and Twangoo, respectively.** Terms of the deals were not disclosed. In three months since launch, SoSasta has grown to run daily deals in eleven Indian cities. Serving Tel Aviv and surrounding cities since March 2010, Grouper is recognized as the first and largest deal site in Israel. Twangoo has grown to serve the most cities of any deal site in South Africa. All three sites will transition to the Groupon brand name and site design in coming months, and will serve deals in the local communities' primary languages, English in India and South Africa and Hebrew in Israel.

Information Technology

- **Infosys Technologies hired about 5,311 employees in October-December quarter of 2010, taking its total headcount to 127,000.** The company got more 11,067 employees in the third quarter this fiscal, but around 5,756 employees left during the same period, bringing the net addition at 5,311. The company's attrition rate reached 17.5 per cent in the third quarter of this fiscal year. Infosys and its subsidiaries hired a total of 127,779 people. The company added 40 clients during the quarter taking its total active clientele to 612.
- **Infosys Technologies Ltd. had a 14.2 percent increase in third-quarter net profit, which is below market expectations.** The technology bellwether, however, raised its forecast for the fiscal year on hopes of sustained demand for outsourcing services in developed markets, but warned that growth could be hurt if the recovery in developed markets weakens. Infosys is one of many Indian outsourcing companies benefiting from a global uptick in spending on technology services by businesses such as banks and insurance companies as they look to cut costs and focus on core competencies. With a skilled, English-speaking workforce, India remains one of the preferred technology outsourcing destinations for clients in developed markets still recovering from the economic slowdown. For the just-ended quarter, Infosys posted a consolidated net profit of INR17.80 billion (US\$395.6 million), for the three months to Dec. 31. Third-quarter consolidated revenue surged 23.8 percent to INR71.06 billion (US\$1.5 billion). Revenue in the previous three-month period was INR69.47 billion (US\$1.5 billion).
- **A consortium of iGate Corp. and Apax Partners will buy a 63 percent stake in Indian outsourcing firm Patni Computer Systems Ltd. from General Atlantic LLC and three Patni founders in a deal that could be worth as much as US\$1.22 billion.** The deal highlights continued interest by private equity firms in India's outsourcing sector and would be the largest technology deal in India since early 2009. Combined, the company would rank among the top eight software exporting firms in India by revenue. It also marks the end of a long-standing effort for an exit by U.S. private equity firm General Atlantic and the Patni founders as the firm remains exposed to the faltering global economy at a time when better investment opportunities exist within India's rapidly growing economy. As part of the agreement, iGate will offer INR503.50 (US\$11.08) a share for the 45.6 percent stake held by the founders namely Ashok, Narendra, and Gajendra Patni. The 17.4 percent held by General Atlantic worth a combined US\$921 million. That would trigger an open offer for 20 percent more in the company under Indian regulations.

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Telecommunications

- **GMA Network Inc. will expand its international business this year.** Joseph T. Francia, vice president and head of operations for GMA International, said the company will still expand the distribution of its GMA Pinoy TV and GMA Life TV in different cities globally. The network expanded in 10 different cities in the U.S. for GMA Pinoy TV and GMA Life TV. Comcast brings GMA Pinoy TV in Northern and Central California; Boston and Brookline in Massachusetts; Houston, Texas; Portland, Oregon; and Spokane, Washington. Comcast Beltway launched GMA Pinoy TV in Washington DC; Frederick and Prince George's County in Maryland; Montgomery, Alabama; and Loudoun County, Virginia. Comcast Colorado followed with the launch of GMA Pinoy TV in the state, Fil-Am communities in Denver Metro, Trinidad, and Colorado Spring now enjoy the channel's top-notch programming. GMA Pinoy TV is also seen in Hawaii, Los Angeles, San Diego, and Palm Desert via Time Warner. In the first nine months, GMA Networks net income was up 6 percent to P2.27 billion (US\$51.4 million).
- **Smart Communications Inc. said its secondary networks can handle the anticipated surge of call and text messages this year because of new promos.** Smart launched the industry's lowest priced unlimited call and text packages through Red Mobile brand to gain more market share in the "unli" services. Red Mobile's two new service packages are called "unli 4" and "unli 8." Red mobile runs on a network that has the reach and capacity to offer unli calls and texts, with the superior call quality and coverage offered by Smart's nationwide mobile network. Red mobile is running on a mobile network that Smart has dedicated to handle unli voice call and text messaging services. Developing this unli network accounted for a significant portion of Smart's network investments in 2009 and 2010. Mojica added that its network was designed to accommodate the expected higher volume of calls and text messages this year
- **ISM Communications Corp. said San Miguel Corp. will finance its capital expenditures to expand its network coverage.** In a disclosure to the Philippine Stock Exchange (PSE), ISM sold its 100 per cent ownership in AGN Philippines Inc. to Vega Telecom Inc. to surge Eastern Telecommunications Phils. Inc. (ETPI). The company will spend P1 billion (US\$22.5 million) for this new fiber network. SMC is also acquiring Express Telecommunications Inc. (Extelcom) from the Ongpin group and UK-based Ashmore Investment Management Ltd., which in turn are buying out Extelcoms creditors. Extelcom is undergoing corporate rehabilitation, with debts amounting to P9.017 billion (US\$204 million). If the Extelcom deal pushes through, SMC would then have three telcos under its portfolio, including ETPI and Liberty Telecoms Holdings Inc.
- **Reliance Broadcast Network will acquire Imagine Showbiz Limited (ISL) from Cinestar advertising for an undisclosed sum.** The company will acquire ISL's intellectual property rights, music library, Bollywood content technical expertise and its distribution network. The acquisition will fit into its overall business strategy, leveraging synergies with its radio arm like 92.7 BIG FM, its intellectual property arm - BIG Live and its integrated sales offering through BIG Connect. The company forayed into the television space through a joint venture with US- based television broadcaster CBS Studios International.
- **Tata Communications signed a definitive agreement to acquire BitGravity.** BitGravity's network and products accelerate the delivery of media assets to end-users and enables scalable, real-time video communications over the Internet. Tata Communications (Netherlands) B.V. will own 100 percent BitGravity, Inc., which will operate as a wholly-owned subsidiary of Tata Communications.

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Terms of the transaction are not being disclosed. BitGravity, a privately held company located in California, was founded in mid-2006 and launched its services in 2008.

- **Emirates Telecommunication will venture its Indian operations with a larger telecommunications company or acquiring another mobile phone company.** The company is in negotiations with several mobile phone companies in India, including Reliance Communications for a deal, but said that discussions did not move beyond the initial stage. Omran, President of Emirates Telecom, said that once the country's new rules on M&A are clear, the company will re-examine options. Present M&A norms stipulate a three-year lock-in for a telecommunications company before selling out and also do not allow one service provider to hold more than 10 percent stake in another operator in the same circle.
- **India's telecommunication sector will witness up to INR 2.5 trillion investments and the market will cross the INR 4.5 trillion-mark in five years, reports the PTI citing data from Boston Consulting Group.** BCG India's partner and director Arvind Subramanian said that the current size of the market is around INR 3 trillion (US\$66 billion), adding that factors like competition and the decline in ARPUs have raised question marks over the sector. Factors, which will fuel the growth, will be surged access to services due to launch of technologies like 3G and BWA, better devices, changing consumer behavior and the emergence of cloud technologies. Majority of the investments will go into the capital expenditure for setting up newer networks like 3G and developing the backhaul, among other things, Subramanian said. The industry will continue to surge at 12-13 percent annually.
- **The Telecom Regulatory Authority of India (Trai) has issued the 'Indian Telecom Services Performance Indicator Report' for the quarter ending September 2010.** The number of telephone subscribers in India surged from 671.69 million in June 2010 to 723.28 million at the end of September, registering a sequential growth of 7.68 percent over the previous quarter as against 8.11 percent during the quarter ended June. This reflects year-on-year growth of 42.09 percent over the same quarter of last year. The overall teledensity in India has reached 60.99 as on 30 September 2010. Subscription in urban areas surged to 487.07 million at the end of September, taking the urban teledensity. Rural subscription surged to 236.21 million, and the rural teledensity surged to 28.42. The share of rural subscribers has surged slightly to 32.66 percent in total subscription.
- **Mahanagar Telephone Nigam Ltd. has waived a network change fee in a bid to attract high-paying telecom users from rivals and boost revenue once mobile number portability is launched in India next week.** Mobile number portability is a service that allows cell phone users to change their operators while retaining their phone numbers by paying a fee of INR19 (US\$.42). The service was launched in northern Haryana state in November and will be introduced across India from Jan. 20. MTNL has been struggling to gain and retain subscribers in the highly competitive Indian telecom market, where service providers are resorting to deep tariff cuts to attract customers. It slipped into a net loss of INR6.05 billion (US\$133 million) for the second quarter ended Sept. 30.
- **Tata Communications has appointed director Vinod Kumar as managing director and CEO.** He replaces N Srinath who has been appointed as the MD & CEO at Tata Teleservices and Tata Teleservices Maharashtra.
- **India's Department of Telecommunication (Dot) has rejected operator Reliance Communication's (RCom) demands for additional second-generation airwaves for its GSM-based mobile services, and has also put on hold similar pending applications from other new entrants, reports The Economic Times.** The telecommunication ministry, in an internal note, said

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it is not appropriate to process additional spectrum requests from any operator, including RCom, since Telecom Regulatory Authority of India was looking into the feasibility of pricing additional airwaves. RCom had demanded for additional 1.8 units of spectrum on the grounds that this was the minimum amount committed to the company when it obtained approvals to launch services on this technology platform in 2008. Additional airwaves are given to companies after their subscriber base surges to touch certain pre-defined targets.

- **Unitech Wireless Ltd was asked to pay an interim penalty of INR90 million (US\$1.9 million) for failing to roll-out services within a stipulated period.** India's Telecom Disputes Settlement and Appellate Tribunal allowed Unitech Wireless' appeal against an order by India's Department of Telecommunications to pay a fine but asked the company to pay at least 60 percent of the penalty within two weeks as an interim measure. Telenor owns 67.3 percent stake in Unitech Wireless, a joint venture between the company and Indian real-estate company Unitech Ltd. Mobile telephony companies in India need to launch their services within a year of receiving radio bandwidth, failing which they have to pay a penalty.
- **SingTel subsidiary Viridian has purchased 4.075 million shares in Bharti Airtel via open market purchase for an aggregate cash consideration of INR 1.36 billion (US\$29 million).** As a result, SingTel's effective interest in Airtel has increased from 32.04 percent to 32.15 percent.
- **Aircel Ltd. expects to start testing 4G services by the first quarter of fiscal 2012 and commercially offer these services by January 2012.** The firm is also expected to launch commercial services on 3G radio waves in the next two months, according to Mallikarjuna Rao, the chief technology officer of the company.
- **TOT expects to post a loss of more than THB 1 billion (US\$33 million) for 2010 due to high expenses and the impact of floods.** TOT 2010 revenues for 2010 was approximately THB 28 to 29 billion (US\$919 US\$951 million). TOT is hoping that rolling out a nationwide 3G network will boost its performance in the coming years. The company is set to conduct an electronic auction for a THB 17.44 billion (US\$572 million) tender for the roll out of the planned 3G network at the end of this month. TOT will invest THB 2.1 billion (US\$69 million) this year to expand broadband internet coverage as it aims to bring internet revenues to THB 8 billion (US\$262 million).
- **TOT PCL said four consortia have submitted applications to participate in an electronic auction for the supply of THB17.44 billion (US\$568 million) worth of equipment and an installation contract for its third-generation mobile phone network.** The first consortium comprises United Communication Industry PCL, Advanced Information Technology PCL, and Alcatel-Lucent (Thailand); the second includes Samart Corp PCL, Loxley PCL, Huawei Technology (Thailand), and Nokia Siemens Networks; the third comprises Forth Corp PCL and ZTE; and the fourth consortium includes Ericsson (Thailand) and AS Associate, TOT Senior Executive Vice-President Arnon Tubtiang said. TOT will take around one week to look into the qualifications of the bidders before conducting an e-auction scheduled on Jan. 28 and it will sign the contract with the winner around Feb. 15-18. TOT's total investment budget of THB19.98 billion (US\$655 million) for the 3G network project was approved by the country's Cabinet in September after a court issued an injunction to freeze a planned auction of licenses by the industry regulator, the National Telecommunications Commission, to private operators for the 2.1 gigahertz spectrum.

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- **Broadband penetration in Malaysia has exceeded the government's target of 50 percent. Broadband penetration now stands at 55.6 percent.** Prime minister Najib Tun Razak said that advancements in communications infrastructure must be coupled with real and concrete applications which will surge productivity output.
- **Packet One Networks (P1) is investing MYR 200 million (US\$65 million) this year to expand coverage and capacity.** The company aims to expand its broadband coverage to 52 percent in west Malaysia, up from the current 45 percent, Bernama reports citing chief executive Michael Lai.
- **DTAC is searching for a new chief strategy officer to succeed Thana Thienachariya.** Thana has resigned from the company, which will be effective on 30 April, to take up a new position with a local apparel manufacturer. Thana will continue stay on as an advisor.
- **PT XL Axiata had a 27.7 percent increase in the number of its subscribers to 40.1 million by the end of 2010 from 31.4 million a year earlier.** Hasnul Suhaimi, the president of the company, which is controlled by Malaysia's Axiata Group Bhd, said a sharp surge was recorded especially in the last quarter of 2010. Hasnul predicted moderate surge in the number of subscribers as the market is more saturated. This year the number of subscribers of the country's third cell phone operator is expected to grow only 12 percent to 44.9 million.
- **PT Telkom is seeking a loan of IDR7 trillion (US\$777 million) from Bank Rakyat Indonesia to help finance its capital expenditures this year.** PT Telkom will set aside IDR17 trillion (US\$1.9 billion) for capital spending this year, Sudiro Asno. Bank loans will contribute 40 percent to the capital expenditures with the rest to be put up by the company from internal cash. A credit agreement is expected to be signed with the state owned lender before the end of the first half of the year. BRI's institutional business director Asmawi Syam said the bank management will provide the loan.

Mobile/ Wireless

- **SingTel Innov8 has led a Series-A financing in 2359 Media, a Singapore-based company, making this Innov8's first investment since its launch in September 2010.** Innov8 has invested approximately S\$800,000 (US\$0.6 million) in the company, acquiring a 28.57 percent stake. The Series-A financing will help 2359 Media accelerate the development of MobDis, its HTML5-based mobile advertisement creation platform that allows marketers and designers to create mobile advertisements. 2359 Media will expand its distribution into the US market within the next quarter
- **India had surging 52.21 million mobile phone users during the quarter ended September 30, 2010, as it had wireless subscriber base to 687.71 million.** The wireless user base surged by 8.21 per cent during the July-September quarter of 2010 to 687.71 million, the Telecom Regulatory Authority of India (TRAI) said. The total telecom subscriber base stood at 723.28 million for the quarter ended September 2010. The overall tele-density for the quarter stood at 60.99. The all-India blended Average Revenue Per User (Arpu) per month for the GSM segment (full mobility) declined by 10.16 per cent to Rs 110 (US\$2.40) in September, as Arpu for the CDMA segment during the same period dipped 1.34 per cent to Rs 73 (US\$1.60). The total Internet subscriber base reached 17.90 million for the September quarter.
- **Apalya Technologies has raised US\$7.5 million in series B funding.** Apalya will use the funds to broaden its portfolio of services and technology platform to use the mobile TV opportunity being presented by the upcoming large scale rollout of 3G services in India. The investment in Apalya was led by Indo US Venture Partners (IUV), with participation from existing investors IDG and Qualcomm.

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Hardware

- **Konica Minolta targets to capture up to 25 per cent share of Indian printing market by year-end.** The company will open offices across India and enhance distribution channel during the year as part of the strategy to be more competitive. Dominated by companies like Xerox and Canon, India's printing market is estimated to be around 400,000 units in volume terms. The company launched a range of printers under the "Bizhub" brand and will launch more products targeting businesses and individuals.

United States/Canada

Technology

- **A U.S. investment management firm has divested its holdings in Cisco Systems Inc., accusing the networking giant of failing to respond to human rights concerns, particularly in China, and lacking transparency.** Boston Common Asset Management cited Cisco's marketing of equipment to the Chinese Ministry of Public Security among the reasons for its decision to sell its stock in the company. Founded eight years ago, Boston Common pursues an investment strategy for its clients involving rigorous analysis of financial, environmental, social, and governance factors. Following last year's Gulf oil spill, Boston Common, which currently has US\$1.4 billion under management, divested of its holdings in BP. As of September 30, Boston Common held some 167,000 shares of Cisco stock worth US\$3.6 million.

Mobile/ Wireless

- **Motorola Mobility, Inc., a wholly-owned subsidiary of Motorola, Inc., has acquired Zecter, Inc., a start-up with synchronization and streaming technologies for on-demand digital media consumption.** Terms of the transaction were not disclosed. Zecter currently has two products commercially available: ZumoDrive, for cloud-based content sync, access and sharing; and ZumoCast, for personal media streaming to any device. Zecter's solutions connect users to their content seamlessly and instantaneously, giving them simple, on-the-go access to music, video, photos and documents from their smartphones, tablets, PCs and web-portals.

Media, Entertainment and Gaming

- **Cogeco Cable Inc.'s first-quarter revenue surged 4.5 percent and earnings came in well ahead of analyst expectations on the back of growth in both its Canadian and European operations, prompting the company to boost guidance for fiscal 2011.** The company added 90,869 net revenue-generating units, or RGU, in the first quarter, which comprises basic cable, high-speed internet, digital television and telephony service customers. Canadian operations added 70,690 net RGU and Portugal added 20,179. Cogeco Cable earned C\$33.6 million (US\$34 million) in the first quarter of fiscal 2011. Results were down from net earnings of C\$56.7 million (US\$57 million) a year earlier.

Telecommunications

- **Shaw Communications Inc.'s fiscal first-quarter revenue surged, but earnings were sharply lower on a number of items, and its cable-television subscribers declined more than expected in a sign the television offering from rival Telus Corp. is gaining share.** Shaw also delayed the

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expected launch of its wireless phone service by three months to early in 2012, citing the need to take a disciplined approach to the rollout in the face of the rapid evolution of wireless technology and changing market conditions. The delay follows the abrupt departure last week of Shaw's head of wireless operations, Laurence Cooke. The company needs a wireless service to offer packages that can compete with the TV, and landline and wireless phone bundles from Telus, the big incumbent phone company in Western Canada.

- **AT&T Inc. will take a pretax charge of about US\$2.7 billion in the fourth quarter as part of a move to simplify how it accounts for its pension and other post-retirement benefits.** The company would switch to mark-to-market accounting, recording gains and losses each year, rather than spreading the impact over several years. The change clarifies one of the more volatile aspects of any large employer's financial results, better tying them to the current economic state. It could also mark the start of a wider shift in how corporations account for their pension costs. AT&T's switch follows a similar move made by Honeywell International Inc. and IBM. When Honeywell made the move, the market reacted positively, said Goldman Sachs analyst Jason Armstrong. He speculated late last year that Honeywell would embolden AT&T and Verizon Communications Inc. to also make the switch. A Verizon spokesman declined to comment. Sanford Bernstein & Co. LLC analyst Craig Moffett said its future results under such a shift look rosier than AT&T's. The underlying economics for both companies would remain unchanged.
- **Communication-service provider Wave2Wave Communications increased the size of its planned initial public offering of units.** The company will offer 3.3 million units, up from the 1.7 million plan outlined in December. It still estimates a US\$4.25 price for each unit, which consists of a share of common stock and a warrant to purchase another share at an exercise price of US\$4.40. The expanded offering comes after Wave2Wave repeatedly reduced its IPO for stock last year before switching to a plan for units. In November, it estimated raising about US\$17.6 million, after aiming for about US\$35.2 million to US\$44 million in October, itself a reduction. Wave2Wave will use the proceeds to repay debt, using what remains to help fund the first phase of a 4G network rollout, among other general corporate purposes. After the offering, it would have about 12.2 million shares and 3.9 million warrants outstanding. It planned to use the symbols WAV for the shares and WAV.WS for the warrants, both proposed for the NYSE Amex. The company's losses widened to US\$10.5 million for the nine months ended Sept. 30 as revenue declined 14 percent and interest expenses surged 88 percent.

Internet

- **Groupon Inc. completed a US\$950 million round of financing and will use the funds to expand its daily coupon website and buy back shares from existing shareholders.** Investors include venture-capital firms Andreessen Horowitz, Battery Ventures, Greylock Partners and Kleiner Perkins Caufield & Byers, and private-equity investor Silver Lake. The round values Groupon at about US\$4.75 billion. Chief Executive Officer Andrew Mason is raising money after turning down a US\$6 billion acquisition offer from Google Inc. Facebook Inc. received an investment led by Goldman Sachs Group Inc. worth US\$500 million. A portion of the money raised is being used to let employees and early investors cash out of their shares, Groupon said. Private companies must keep the number of shareholders below 500 or they are subject to reporting requirements by the U.S. Securities and Exchange Commission.

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- **Google Inc. has acquired eBook Technologies Inc. in a move the Internet search giant said was aimed at delivering richer reading experiences on tablets, electronic readers and other portable devices.** It was not immediately clear how Google intends to use eBook's technologies, which include an end-to-end electronic book platform offering a full range of ebook products and services. These include electronic reading devices, an online bookstore where readers can buy ebooks, an online "bookshelf" that lets users store their purchased content, and software that converts content to the company's ebook format. Google confirmed the acquisition. The deal comes just over one month after Google launched Google eBooks, its long-anticipated digital bookselling enterprise.
- **MySpace cut nearly half its workforce, approximately 500 employees, as part of a major restructuring aimed at reviving its business after being overshadowed by Facebook Inc.** The move comes after top News Corp. executives have acknowledged dissatisfaction with continued financial losses at MySpace, raising the possibility of a sale or some other disposal of the asset if the site's new strategy fails to gain traction. MySpace Chief Executive Mike Jones said the site's overall audience numbers might be smaller, but its new strategy is shifting towards a more engaged audience that advertisers can target more effectively, allowing the site to enjoy stronger revenue growth. Facebook had nearly 154 million unique visitors in December, at least triple the number of visitors to MySpace. But MySpace is no longer trying to compete head-on with Facebook, having redesigned its site and refocused its strategy on being a social network for sharing and promoting entertainment content like music and films.

Semiconductors

- **Advanced Micro Devices Inc. is searching a person to replace the ousted Chief Executive Officer Dirk Meyer to compete with Intel Corp. and get chips into new devices.** Directors were frustrated with AMD's lack of progress in gaining market share and entering the tablet- computer industry. AMD has less than 20 percent of the global personal-computer processor market, compared with Intel's 80 percent, and its revenue in 2009 of US\$5.4 billion was a seventh of Intel's.
- **Intel Corp. will pay Nvidia Corp. US\$1.5 billion over the next five years, gaining the right to use Nvidia's graphic patents and ending a legal dispute over the use of each other's technology.** Under the deal, the companies will receive a license to each other's patents, subject to certain terms, Santa Clara, California-based Intel said. The dispute centered on Intel's assertion in 2009 that a license held by Nvidia didn't cover future products. Nvidia, a maker of graphics chips, then accused its larger rival of breaching a contract that let the companies use each other's capabilities. Nvidia supplied so-called chipsets that support older-model Intel microprocessors, providing a link to the rest of the computer and graphics. Intel now includes that functionality in its processors.
- **Intel Corp. said sales might exceed analysts' predictions, a sign that rising demand for server chips is compensating for the company's delayed entry into the market for tablet computers.** The company predicts sales growth of 10 percent this year from a record in 2010. The largest maker of computer chips also will boost production spending by as much as 79 percent this year, reflecting confidence in its growth prospects. Sales of chips used in so-called cloud-computing centers helped boost fourth- quarter sales and profit even as consumer demand for notebooks remained sluggish. If it delivers 2011 sales of US\$48 billion, as its forecast indicates, Intel would exceed the average of analysts' estimates by about 6 percent.

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Software

- **Microsoft Corp.'s President Bob Muglia will resign as Chief Executive Officer Steve Ballmer decided the unit needed new leadership.** Muglia took over the division in October 2005. The business's revenue surged at least 50 percent under his leadership. It accounted for 24 percent of Microsoft's total sales in the year ended in June, making it the third-largest division.

Hardware

- **Apple is expected to ship 12.1m CDMA iPhones in 2011 according to iSuppli.** The addition of a CDMA iPhone to Apple's portfolio will boost the company's global handset shipments by 25 percent in 2011. The company predicted that 12.1 million CDMA iPhones will ship worldwide this year after Verizon announced it had struck a non-exclusive deal with Apple to offer a version of the coveted smartphone that will run on its networks. iSuppli said this will surge global iPhone shipments to 61.2 million devices, up 24.5 percent from the 49.1 million shipped in 2010. iSuppli sees global CDMA iPhone shipments to surge to 16.5 million units in 2012, and to 20.3 million in 2013.

Europe

Media, Gaming and Entertainment

- **PLC has appointed key officials as part of efforts to boost its online division and bring the creative and commercial divisions closer together.** ITV said the changes will help the company focus more closely than ever before on customers, advertisers and consumers as the company not only continues to protect and grow its TV sales business but also evolves to become a global multi-platform company. Fru Hazlitt, who joined ITV in August as managing director of commercial and online, said the two business areas need to overlap, to allow a "convergence" of its broadband and broadcast services. The changes will result in a restructure of the commercial management team and the introduction of two new directors. Kelly Williams, former Channel 5 sales director, will be director of TV sales and Simon Daghish will be ITV's director of multiplatform and partnerships.

Telecommunications

- **Telecom Italia Media SpA forecasts its 2010 EBITDA to remain unchanged from the Ebitda figure reported at the end of September as a result of the liquidation of Dahlia TV.** The company said that a liquidation plan for Dahlia TV, in which TI Media owns a minority stake, will be drawn up as soon as possible. Telecom Italia Media ended the first nine months of the year with an Ebitda of 10.2 million euros (US\$14 million).
- **Iliad SA's founder and main shareholder Xavier Niel is selling 700,000 Iliad shares representing about 1.3 percent of Iliad share capital.** The disposal of shares in France's fourth mobile telephone operator will be carried out through an accelerated book-building and will broaden Iliad's free float. Niel will still control Iliad, holding 62.7 percent of the company's share capital. He will be subject to a 180 days lock-up of his residual direct and/or indirect stake from the settlement and delivery of the transaction. Societe Generale Corporate & Investment Banking is sole bookrunner.
- **Romtelecom will cut 1,000 to 1,400 jobs this year within some 20 restructuring projects targeting simplified products, improved operations and surged efficiency in its call-centers and stores.** The telecom operator had about 8,600 staff, 1,400 fewer than in 2009. Romtelecom has a turnover of over EUR800 million (US\$1070 million). Greece's OTE owns 54.01 percent and Romania's Communications Ministry has 45.99 percent.

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South Africa/Middle East/Latin America

Telecommunications

- **Movitel will invest US\$120 million over the next 12 months to enable it to launch services.** The US\$120 million will fund the establishment of base stations in remote areas where the country's two existing mobile players do not operate. The company will spend a total of US\$465 million over the next five years. Movitel had its license with a bid of US\$28 million. At the time it committed to investing at least US\$400 in the country and to providing coverage for 85 percent of the population within five years. The operator will share infrastructure with its rivals in order to meet coverage requirements. Mozambican mobile market leader mCel claims to have at least 4 million customers. Second-placed Vodacom had 2.68 million subscribers at the end of September 2010, which it said was a market share of an estimated 45 percent. Vodacom puts total market penetration at just 25 percent, which theoretically leaves plenty of room for Movitel to make its mark.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 1/14/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	82.9400	-0.1%	-0.6%	2.2%	-10.7%
Hong Kong dollar	HK\$/ US\$	7.7739	0.03%	-0.1%	0.02%	0.3%
Chinese renmenbi	RMB/ US\$	6.5876	-0.6%	-1.2%	-0.04%	-3.5%
Singapore dollar	S\$/ US\$	1.2871	-0.5%	-1.2%	0.4%	-8.4%
South Korean won	KRW/ US\$	1,114.5500	-0.6%	-2.7%	-0.5%	-4.2%
New Taiwan dollar	NT\$/ US\$	29.1550	-0.7%	-2.8%	0.0%	-8.7%
Australian dollar	US\$/A\$	0.9894	-0.7%	-0.6%	-3.0%	10.3%
New Zealand dollar	US\$/NZ\$	0.7661	0.7%	1.5%	-1.7%	5.8%
Philippine peso	PHP/ US\$	44.2700	0.3%	1.2%	1.5%	-4.7%
Euro	US\$/€	1.3375	3.6%	-0.1%	0.0%	-6.6%
British pound	US\$/£	1.5860	2.0%	0.0%	1.7%	-1.8%

Fixed Income Prices and Yields

Note	Currency	Current (on 1/14/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	95.38	4.53%	96.11	4.49%	97.36	4.41%
Japan 30-year	¥	96.97	2.17%	98.21	2.10%	96.13	2.22%
Hong Kong 10-year	HK\$	96.07	2.79%	95.53	2.87%	94.81	2.95%
China (06/16)	US\$	105.84	3.49%	105.27	3.61%	105.42	3.59%
Singapore 10-year	S\$	105.53	2.60%	104.35	2.74%	104.20	2.75%
South Korea 20-year	KRW	10,057.60	4.74%	9,963.32	4.81%	11,083.65	4.64%
Australia 15-year	A\$	101.58	5.56%	100.72	5.66%	100.81	5.65%
New Zealand (12/17)	NZ\$	103.49	5.54%	101.61	5.76%	101.31	5.80%
Philippines 20-year	PHP	141.81	8.18%	141.02	8.24%	141.13	8.24%
India 30-year	INR	97.41	8.54%	97.76	8.51%	97.76	8.51%
UK 30-year	£	97.41	4.42%	98.84	4.33%	97.17	4.43%
Germany 30-year	€	122.97	3.49%	124.64	3.43%	123.19	3.44%

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