



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

***Week of 17 January 2011 - 23 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 (1/21/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,283.35	-0.8%	2.9%	2.0%	15.1%
Dow Jones Industrial Avg.	11,871.84	0.7%	3.4%	2.5%	13.8%
Dow Jones Tech. Index	461.01	-1.7%	3.5%	2.4%	14.5%
Dow Jones Telecom. Index	236.85	0.7%	2.4%	1.0%	7.9%
NASDAQ Composite	2,689.54	-2.4%	1.5%	1.4%	18.5%
Japan Nikkei 225	10,274.52	-2.1%	0.6%	0.4%	-2.6%
JASDAQ	53.24	-0.2%	1.7%	1.8%	10.1%
Japan Mothers	441.76	-6.8%	2.7%	1.9%	6.1%
Korea KOSPI Composite	2,069.92	-1.8%	2.5%	0.9%	23.0%
Korea Kosdaq	525.75	-1.8%	5.6%	2.9%	2.4%
Taiwan Stock Exchange	8,954.38	-0.2%	2.1%	-0.2%	9.4%
Singapore Strait Times	3,808.09	-2.7%	1.5%	-2.6%	27.3%
Hong Kong Hang Seng	23,876.86	-1.7%	5.5%	3.7%	9.2%
Hong Kong GEM	771.76	-3.9%	-4.3%	-4.8%	14.0%
China Shanghai (A-Share)	2,842.78	-2.7%	-4.8%	-3.3%	-17.3%
China Shenzhen (A-Share)	1,231.53	-4.5%	-11.7%	-8.9%	-2.4%
China Shanghai (B-Share)	299.98	-2.1%	-1.7%	-1.4%	18.8%
China Shenzhen (B-Share)	824.62	0.8%	-2.4%	0.0%	31.7%

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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	Co-Manager
1/20/11	Tsingda Eedu Corp.	Internet	US\$2.3	Online education services	Maxim Group LLC	NA

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*

- **European makers of mobile phones and network infrastructure will have surging earnings in the fourth quarter due to healthy year-end sales and easing supply shortages, but competition in the sector shall still be evident as currency swings may also hit some companies' sales.** The final months of the year might also be accelerating for both handset and infrastructure vendors, so sales are seen to surge quarter on quarter. Competition is still a struggle as Telefon AB L.M. Ericsson and Nokia Siemens Networks battle Huawei Technologies Co. Ltd. and ZTE Corp. Nokia Corp. and Sony Ericsson are fighting high-end competitors like iPhone-maker Apple Inc. but also face surged low-end competition from Asian vendors of cheap, unbranded handsets. Overall market conditions have improved and Nokia sees global handset market volumes to surge just over 10 percent year on year while smaller rival Sony Ericsson.
- **A study conducted by Oracle said that APAC consumers embrace mobile lifestyle. 38 percent of the survey's Asia Pacific respondents indicated they used their phones for entertainment, a higher percentage than that of the U.S. (20 percent), Europe (33 percent) and the Middle East (32 percent).** Asia Pacific consumers might use their devices to purchase items online (14 percent compared to 7 percent) and conduct video chat sessions on their mobile phones (11 percent compared to 6 percent). While price has traditionally been considered the main incentive for customers to switch service providers, this factor appeared to have a lesser impact on Asia Pacific's consumers.
- **Asia-Pacific advertisers seeking to capitalize on the mobile platform need to look beyond iPhone as the device of choice.** According to a report from mobile ad network InMobi, Apple's iPhone may be leading the Asia Pacific market with an 8.2 percent share of ad impressions, but the remaining 9 device models on the region's list of top 10 handsets are products of Finnish manufacturer Nokia. Nokia may be losing market share in many developed markets, but its products remain popular in emerging markets due to their relative affordability. Nokia devices held a combined 57 percent share of ad impressions in region. Nokia's operating systems, including Symbian, held a 61.2 percent share of ad impressions in July; however, this figure slipped to 41.3 percent in 90 days.

#### *Information Technology*

- **By the end of 2010, telecom service providers worldwide will have outsourced about US\$53.5 billion worth of networking tasks to equipment vendors, according to Infonetics Research.** This represents 8 percent at least telecoms outsourced in 2009. With major outsourcing deals looming, the research firm predicts Ericsson, Nokia Siemens Networks, Alcatel-Lucent and Huawei may end up running three-quarters of the world's networks. Also, mobile network outsourcing is growing much faster than wireline outsourcing. Infonetics sees that by 2014 mobile network outsourcing will account for 61 percent of all network outsourcing. In 2008 revenue from mobile and fixed network outsourcing was roughly the same. The major growth areas for telecom network outsourcing include network maintenance, planning, design, and operations. Much of the growth in outsourced services is coming from EMEA (Europe, Middle East, Africa) and Asia Pacific, and to a lesser extent, Central and Latin America.

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- **Cloud computing and virtualization are the top two technology priorities for Chief Information Officers (CIOs) in 2011, according to Gartner.** Global IT budgets might still be flat this year. CIOs see Internet service-based technologies will allow them to divert more resources, up to 50 percent of their budgets, away from day-to-day operations and towards transforming their business strategies, which could prove significant in the wake of the recession.

## *Investments/ Ventures*

- **Bolstered by increasing competitiveness and explosive economic growth at home, Asian companies have seen their market capitalizations surge by leaps and bounds.** Some 211 Asian companies, excluding Japanese concerns, ranked among the world's top 1,000 firms in terms of market capitalization at the end of 2010, eight at least a year earlier, according to Nomura Securities Co. South Korean firms made notable advances on the list, with Samsung Electronics Co. improving to 37<sup>th</sup> in 2010, from 49<sup>th</sup> previously. The electronics giant's market cap grew 20 percent in just a year to 9.9 trillion yen, at least triple the size of Japanese rival Sony Corp. and fast approaching Toyota Motor Corp.'s 11.1 trillion yen (US\$134 billion). Hyundai Motor Co. also moved up, climbing to 251st from 343rd with a market cap of 2.7 trillion yen (US\$33 billion). Indian firms have shown strength in such areas as information technology services. Tata Consultancy Services Ltd. boasted a market cap of at least 4 trillion yen (US\$48 billion). Chinese firms commanded a presence on the list. Cell phone services provider China Mobile Ltd. cracked the top 10 at No. 10 with a market cap of 16.1 trillion yen (US\$197 billion), 2.6 times that of NTT DoCoMo Inc.

## **Japan**

### *Media, Gaming and Entertainment*

- **Japan's Mitsui & Co. has obtained a 25 percent interest in CCTV Shopping Co., a Beijing-based supplier of goods and services to television home shopping operators in China.** The trading house purchased the stake for an undisclosed sum through a private placement from other shareholders. Mitsui will supply goods and Japanese expertise in the field to CCTV Shopping, a member of state-run China Central Television group. In the process, it will seek to tap into the Chinese home shopping market's expansive growth. CCTV Shopping provides goods, services and logistics to fellow group member China International Television Corp., which runs TV shopping programs.

### *Telecommunications*

- **With the success of the iPhone improving its finances, Japan's Softbank Corp. could see its annual interest burden lighten to less than 100 billion yen (US\$1.2 billion) in fiscal 2011 for the first time in five years.** The mobile phone carrier with Japanese distribution rights for the Apple smartphone has paid at least 110 billion yen (US\$1.3 billion) in annual interest for the past three years and will likely face a hefty payment in fiscal 2010 as well. But it could see some relief next fiscal year. Softbank owed at least 780 billion yen (US\$9.5 billion) of the 1.45 trillion yen (US\$17.6 billion) it raised in a securitization deal at the time of its acquisition of Vodafone KK in 2006. That was about 180 billion yen (US\$2.2 billion) less than what it owed last March, when fiscal year 2009 wound down. Softbank is issuing bonds to repay past debts taken on at terms more onerous than it can secure now. The main buyers of its bonds have gone from hedge funds to domestic banks, making it possible for Softbank to raise funds at a lower cost than before, according to Mana Nakazora, chief credit analyst

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at BNP Paribas in Tokyo. The cost of insuring against a Softbank default with credit default swaps has fallen to about 1.7 percent, the lowest level since 2005.

- **Softbank will issue 55 billion yen (US\$666 million) in straight bonds to institutional investors to raise funds for upcoming bond redemptions and reduce interest payments.** The company is looking to offer 45 billion yen (US\$545 million) in five-year bonds and 10 billion yen (US\$121.2 million) in seven-year bonds. The figure for the five-year bonds will come to around 1.1 percent, with roughly 1.6 percent seen for the seven-year ones. The 55 billion yen (US\$ million) issuance will push up Softbank's total bond offerings for the year ending in March to 235 billion yen (US\$2.8 billion).

## *Mobile/ Wireless*

- **The number of smartphones sold by Japan's NTT DoCoMo Inc. in fiscal 2010 surpassed one million units by the end of December.** DoCoMo reached its initial sales goal of one million units three months ahead of schedule. It has since upgraded the target to 1.3 million units, but as sales continue to rise beyond its expectations, the firm will likely raise this figure further. DoCoMo has already released 10 models, including the April 2010 launch of the Xperia, made by Sony Ericsson Mobile Communications AB of the U.K., and the Galaxy S, which was developed by Samsung Electronics Co. of South Korea.

## **Korea**

### *Telecommunications*

- **SK Telecom has submitted a bid for Indonesian conglomerate Lippo Group's cable television and internet company First Media.** Lippo is seeking US\$400-800 million for First Media.
- **LS Cable Ltd., has clinched a deal worth at least US\$20 million to build and maintain a communication network in Doha, the largest city in Qatar.** In an US\$18 million project from Vodafone Qatar, LS Cable will establish broadband networks using optical cables to provide fast Internet service in the city, the Korean company said in a statement. The order also includes a project worth US\$2.5 million for network maintenance. Vodafone Qatar is a unit of Vodafone Group Plc.
- **KT Corp. aims to post 20.5 trillion won (US\$18.43 billion) in revenues this year, slightly higher than a year ago, by boosting its mobile business and continuing to tap into new business areas at home and abroad.** KT targets 30 trillion won (US\$27 billion) in revenues in 2015. KT said its 2010 revenue surpassed 20 trillion won (US\$17.8 billion) for the first time, helped by a brisk response to iPhone. The company has sold at least 1.8 million units of Apple's smartphones since the end of 2009. The company earmarked at least 3 trillion won (US\$2.6 billion) in capital spending this year to improve its wireless phone and high-speed Internet services and network businesses. KT also aims to surge smartphone subscribers by at least two-fold this year to 6.5 million people, which would account for about 40 percent of its mobile subscribers. It will introduce 25 to 30 new smartphone models before the end of 2011. The company, which released iPad in November, will roll out at least seven tablet computers this year in an effort to sell 1 million such touch-based devices that feature larger screens than smartphones.
- **SK Telecom has opened a cloud computing data centre called Cloud Data Center.** The data centre is located at SK Broadband's internet data centre in Ilsan, Seoul. With its 1,500 cloud servers, the centre will be providing SK Telecom's cloud-based services. SK Telecom will use its cloud for services like marketing analysis, location based services, and M2M services to cater to SMEs in the public cloud market. The company has been providing cloud-based services through the 'Officepack'



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service of 'T bizpoint'. T bizpoint, launched in June 2010 and the company launched 'T cloud biz' in December 2010, through which it provides a cloud services for SMEs.

## *Internet*

- **Twitter Inc. opened a Korean-language website in an attempt to expand further into a market that has grown almost tenfold in the past year.** Korean is now one of seven languages offered on Twitter.com. South Korea is one of the world's most wired nations, with a high-speed broadband service and a booming business in smartphones. There were at least 2.2 million registered South Korean Twitter users as of last month. Twitter had 175 million registered users worldwide as of Nov. 1 and transmitted 25 billion "Tweets" last year. The popularity of the site has been surged as Celebrities and high-profile chief executive officers such as Doosan Infracore Chairman Park Yong-man and Chung Yong-jin, vice chairman of retail giant Shinsegae, have joined it to communicate with fans and customers.

## *Mobile/ Wireless*

- **Accenture and South Korean operator NHN have signed an agreement to collaborate in the development of applications for smartphones in South Korea.** Accenture is working with NHN to develop mobile apps and improve functions customized for Android and Apple operating systems for the mobile version of NHN's Naver search engine. The two firms have already cooperated to develop new functions that are now available on Naver Ndrive, NHN's personal cloud-based storage service.

## **China**

### *Internet*

- **China Internet Network Information Center (CNNIC) said that the number of people using the internet in China surged to 457 million at the end of 2010, up 73.3 million from a year earlier.** This meant over one-third, or 34.3 percent, of China's population was using the internet at the end of last year. Chinese users spent about 18.3 hours online every week or 2.61 hours each day, the report said. The number of internet users in China's rural areas totaled 125 million last year, boosted 16.9 percent from the previous year, due to improved internet-related infrastructure. The number of people shopping online surged the most from other online services, boosted 48.6 percent year on year, followed by people using e-banking and online payment services, boosted 48.2 percent and 45.8 percent respectively.
- **Taobao.com had nearly 200 million registered members and at least 200 billion yuan (US\$30.4 million) in turnover, creating at least 1 million online sales related jobs.** About 66.2 percent of internet users, or 303 million, used mobile phones to surf the net, and surge of 5.4 percentage points from the previous year.
- **Baidu further strengthened its dominance of the world's largest Internet market in the fourth quarter at the expense of U.S. rival Google.** Baidu's share of the increasingly lucrative sector hit 75.5 percent in the last three months of the year. Google saw its share of the Chinese search market continue to slide, falling to 19.6 percent in the fourth quarter from 21.6 percent in previous period. The value of the Chinese search market reached 3.85 billion yuan (US\$585 million) in the fourth quarter, nearly doubling from a year earlier. China's online population surged 19.1 percent in 2010 to 457 million users, with nearly 82 percent of them using search engines, according to the state-backed China Internet Network Information Centre.



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- **Alibaba Group Holding Ltd. and its financing partners plan to spend as much as 30 billion yuan (US\$4.6 billion) building a nationwide chain of warehouses to speed delivery of products.** Warehouses occupying 3 million square meters, enough to fit 560 American football fields, will be built in areas near Beijing, Shanghai and Guangzhou, Alibaba said. The proposed investment of between 20 billion yuan and 30 billion yuan will be carried out over three to five years. Chairman Jack Ma said the warehouses will help Alibaba, which counts Yahoo! Inc. as its biggest shareholder, meet a 10-year goal of delivering any online order in China within eight hours. The closely held company, faces rising competition as rivals Baidu and Tencent diversify into e-commerce. The spending may trigger at least US\$15 billion in total investments in logistics by the industry in China. Alibaba Group is also increasing spending to expand services including cloud computing and finance to attract users.
- **E-commerce has become the fastest-growing Internet activity in China after the number of online shoppers surged by almost 50 percent to 160 million last year, the China Internet Network Information Center (CNNIC) said.** The number of China's netizens hit 457 million, continuing to be the largest globally. The domestic research company Analysys International said that in terms of sales, the online-shopping market surged by at least 370 percent year-on-year, reaching 520 billion yuan (US\$78.79 billion) last year. The CNNIC report pointed to supporting policies and capital flowing into the online shopping industry as the main reasons for the rapid development. Group acquiring was another emerging sector of online shopping, the user numbers reaching 18.75 million last year. After the US group-buying website Groupon.com started this business model, big Chinese online Internet companies such as Sina, Taobao and Renren all opened their own group-buying websites.

## *Telecommunications*

- **China Mobile Ltd. still plans to acquire opportunities abroad and is interested in areas such as Wi-Fi and long-term evolution technology.** Global telecommunications carriers are in the process of launching a fourth-generation network technology LTE, which promises faster data download than third-generation networks. In Asia, NTT DoCoMo and Telstra's Hong Kong unit, CSL, launched 4G services late last year. Telecom equipment vendors are also vying for contracts to supply advanced network equipment to these carriers.
- **China Telecom Corp. will add more mobile users this year following the addition of 34 million last year, Chairman and Chief Executive Wang Xiaochu said.** China Telecom hopes to surge the number of its mobile users to at least 100 million by the end of the first quarter. The company's CDMA terminal sales surged 50 percent to at least 45 million units last year.
- **China Mobile inked a strategic cooperation partnership with South Korean fixed-line telephone and Internet giant KT Corp. and Japanese mobile operator NTT Docomo.** Under the agreement, the three parties will cooperate in various fields including international roaming services, technology standards, and R&D in smartphones and their platforms. And the three companies say they are determined to find the maximum number of business opportunities based on their strategic agreement. The development of China Mobile's 4G standard TD-LTE is also an important part on their cooperation agenda. The company would try hard to promote TD-LTE technology to be an internationally accepted standard and have it recognized and supported by more international carriers.

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- **China Wi-Max Communications is planning to change its name to Consolidated Holdings Worldwide Media (CHWM) in the near future to better reflect its expanded business vision.** The forthcoming name change will not change branding of services and products of telecommunications operations of CHWM in the U.S. or China. The company also announced it has signed a letter of intent with Renaissance Entertainment & Media Group for the transmission of media content. The companies will negotiate one or more definitive agreements for the distribution of Renaissance's media content through China Wi-Max' fibre and wireless distribution assets in China. Furthermore, China Wi-Max has signed a letter of intent with Unilava which will identify funding sources to support engineering and capital needs for their joint venture in China. China Wi-Max has invested over USD 4 million in developing fibre and wireless services in China.

## *Hardware*

- **At least 44 million Chinese personal computer users fell victim to phishing websites in 2010, rendering a loss totaling 20 billion yuan (US\$3.03 billion).** Beijing Rising Information Technology Co reported that it detected 1.75 million phishing websites in 2010, at least 10 times the number in 2009. Phishing is the fraudulent process of attempting to acquire sensitive information, such as passwords and credit card details, by pretending to be a reliable entity. Communications claiming to be from websites, online payment processors or IT administrators are commonly used by phishing sites to trick the public. Online gamers and online banking customers were the worst-hurt by phishing activities in 2010. Their economic losses accounted for at least 70 percent of the 20 billion yuan total. The surge in phishing activities was partly due to the rapid development of China's e-commerce sector, which has resulted in a large amount of online capital flow. E-commerce transactions hit 4.5 trillion yuan in 2010, up 22 percent year-on-year.

## **Taiwan**

### *Mobile/ Wireless*

- **HTC will inject US\$5.5 million in Chinese company Shanghai F-road Commerce Service.** The investment will be made through HTC Asia Pacific and HTC HK. Shanghai F-road Commerce Service provides commercial consultancies and services, researches and designs computer software and hardware, and provides related technical services. The company also sells own-manufactured products.
- **HTC Corp. expects its first-quarter revenue and shipments to boost due to new product offerings from the firm and as consumers switch to smartphones from traditional cell phones.** The company will double the capacity of a plant in Shanghai and build a new facility in Taiwan this year to meet the strong global demand for smartphones, HTC Chief Executive Peter Chou said. The firm sees its first-quarter revenue to surge to NT\$94.0 billion (US\$3.23 billion), and its smartphone shipments to surge sharply to 8.5 million units from 3.3 million units. It sees its gross profit margin in the three months ending March 31 to be between 29.0 percent and 30.0 percent. It sees its operating expense ratio to be between 14.0 percent and 15.0 percent in this quarter. HTC's recent launch of fourth-generation mobile phones in the U.S., using Long-Term Evolution technology, will surge the firm's shipment growth this year. LTE promises faster data downloads.

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## *Hardware*

- **Pegatron Technology has begun shipping Apple CDMA iPhone orders.** The total volume is estimated to be around 12 to 15 million units this year, which will help offset the company's notebook manufacturing business which has suffered a loss of orders. Pegatron's revenues declined 8.1 percent year-on-year to TWD 424.8 billion (US\$15 billion) as the company was still reorganising after the spin-off from Asustek Computer.
- **Compal Electronics is expecting to ship 3.8 million tablet PCs this year.** The company sees demand for tablet PCs to surge quarterly at the expense of conventional notebooks through 2011. Global tablet PC sales are seen to reach 60 million with 70 to 75 percent being iPads. Of the Compal-produced tablet PCs in 2011, 90 percent will be ARM-based, Chen said. In order to gear up production of tablet PCs, Compal will invest TWD 2 billion (US\$69 million) to establish a wholly-owned subsidiary, HengHao Technology, for making touch panels. The company also will establish a joint venture with Sitronix Technology and has formed a software R&D team to develop user interfaces for tablet PCs.

## **Hong Kong**

### *Telecommunications*

- **PCCW has introduced a movie on-demand service called Video Express on its IPTV service Now TV.** Video Express will offer blockbuster movies distributed by major Hollywood studios and gives viewers the option of viewing either in HD with Dolby 5.1 surround sound or in SD format. Titles in SD format will be charged at HK\$25.00 (US\$3.20) each while those in HD will be charged at HK\$30.00 (US\$4.00) each. Movies can be watched as many times as a customer wants within 48 hours of purchase.

## **Singapore/Malaysia/Philippines/Indonesia/India**

### *Internet*

- **Groupon has acquired 100% of India's SoSasta.com for an undisclosed amount.** Subsequent to the acquisition, SoSasta.com will be re-branded as Groupon India and new product verticals will be added to the portal. SoSasta.com that currently provides discount deals in 11 cities in India including Hyderabad, Delhi, Bangalore, Mumbai, Pune, will still look at new territories and also focus on expanding more local, hyper-targeted deals to subscribers. Groupon was launched in Chicago in 2008, SoSasta.com was launched in Kolkata last year by Media Pvt Ltd.
- **Singapore consulting firm clickTRUE Pte Ltd, that helps brand owners strategies, design and build captivating experiences for the web, will expand more aggressively into Malaysia this year.** The company has major clients in Malaysia, including Nestle, Digi and Toshiba and is looking into setting up a permanent office in the country to service its clients better. The move by clickTRUE followed its successful completion of a strategic management buyout deal from its parent company Singapore Press Holdings (SPH). clickTRUE is now a wholly-owned subsidiary of Kyosei Ventures, a local investment holding company, in which SPH holds a 22.5 percent equity. The management buyout will provide clickTRUE with the ability and flexibility to further develop its existing business areas and to expand its business into other parts of Southeast Asia. clickTRUE offers both technology

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and online marketing services that includes digital consultancy, search engine marketing, search engine optimization, social media marketing, web analytics consultancy and conversion rate optimization.

## *Information Technology*

- **Infosys Technologies added 5,311 employees in October-December quarter of 2010, taking its total head count to 127,000.** The company hired 11,067 employees in the third quarter but nearly 5,756 employees left the organization during the same period, bringing the net addition at 5,311. After the slowdown attrition went up. But now this has stabilized and is not that big a concern. The industry has always been able to manage it. The company's attrition rate (last 12 months (LTM) basis) stood at 17.5 percent in the third quarter of this fiscal year. As on December 31, 2010, Infosys and its subsidiaries employed a total of 127,779.
- **Wipro Ltd. had weak third-quarter earnings and unveiled a management reshuffle at its core information-technology business in a reflection that the Indian software exporter hasn't been able to take advantage of a recovery in outsourcing demand in recent quarters like its peers.** Tata Consultancy and Infosys surged in net profit for the same quarter due to an uptick in global technology spending. The company's comparatively lower presence in sectors such as banking, financial services, insurance and healthcare has hurt Wipro. net profit for the three months ended Dec. 31 surged 9.6 percent to INR13.19 billion (US\$294 million) due to decreasing number of working days due to the holidays in December and lower foreign-exchange gains for the worse-than-expected results.

## *Media, Gaming and Entertainment*

- **Hindustan Media Ventures Ltd made net profit of Rs 11.66 crore (US\$2.6 million) for the quarter ended December 31, 2010.** For the corresponding three-month period of the previous year, the company's net profit stood at Rs 4.33 crore (US\$9 million). HMVL's net sales stood at Rs 130.22 crore during the quarter under review. It had registered net sales of Rs 41.29 crore (US\$9 million) during the same period last year. The company had acquired the Hindi publications from its holding company. HMVL had launched an initial public offer in July last year, through which it raised around Rs 270 crore (US\$59 million).
- **Zee Entertainment Enterprises Ltd said its net profit has surged by 6.15 percent to Rs 155.45 crore (US\$34.4 million) for the quarter ending December 31, 2010 on the back of strong advertising revenues.** The company had a net profit after tax of Rs 146.43 crore (US\$32) in the October-December quarter in 2009. During the quarter, the advertising revenues have grown by 62 percent, and the company has seen healthy growth in cable revenues. Total consolidated revenue of the company also surged to Rs 824.88 crore (US\$180 million) in the December quarter. ZEEL's advertising revenues during the quarter stood at Rs 439.77 crore (US\$96 million). The total subscription revenues for the quarter were Rs 281.84 crore (US\$62 million). During the current quarter, domestic subscription revenues stood at Rs 180.7 crore (US\$39 million). Revenues from domestic DTH operators, part of domestic subscription revenue, were Rs 82.1 crore (US\$18 million).
- **Malaysia's impending general election and influx of foreign investors will propel the media sector this year, albeit within moderate economic growth.** OSK Research has upgraded its recommendation for the media sector from neutral to overweight. Although the date of the general election remains a guessing game, the research house believes in the run-up to the election, the incumbent government and the opposition parties will progressively ramp up advertising across all media platforms to promote their cause in preparation for the upcoming polls. OSK Research

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believes that media stocks offer a strong valuation proposition for investors seeking under-valued stocks that offer exposure to strengthening consumer and business sentiments. OSK Research expects advertising expenditure (Adex) growth this year to be at a one time to 1.5 times multiple of its 5.8 percent gross domestic product (GDP) growth. The Adex growth for last year surged 15.7 percent year-on-year in line with the improving economic landscape, better business sentiments and seasonal factors.

## *Mobile/ Wireless*

- **India added 52.21 million mobile phone users during the quarter ended September 30, 2010, taking the wireless subscriber base to 687.71 million.** The wireless (GSM and CDMA) user base surged by 8.21 percent during the July-September quarter of 2010 to 687.71 million from 635.51 million in the preceding quarter, the Telecom Regulatory Authority of India (TRAI) said. The total telecom subscriber base touched 723.28 million for the quarter ended September 2010 from 671.69 million in the quarter ended June 2010, an surge of 7.68 percent. Subscriber base of wireline service declined from 36.18 million at the end of June, 2010, to 35.57 million on September 30, 2010, taking the wireline tele-density to 3.00. During the July-September quarter, subscription in urban areas surged to 487.07 million, while rural subscription surged to 236.21 million, taking the tele-density in these areas to 137.25 and 28.42, respectively. The total Internet subscriber base reached 17.90 million for the September quarter from 16.72 million in the previous quarter, registering an surge of about 7.02 percent.

## *Telecommunications*

- **Corning Inc. has won the first major contract for the A\$36 billion (US\$35.6 billion) national internet broadband network project that the government hopes will improve broadband speed across Australia.** Australian government-owned NBN Co. has awarded three equipment contracts for network infrastructure over the next five years with the largest worth up to A\$1.2 billion (US\$1.2 billion) going to Corning. Italy's Prysmian SPA and Melbourne-based Warren & Brown Technologies won smaller orders worth up to A\$300 million (US\$296 million) and A\$110 million (US\$109 million), respectively. Corning will invest about A\$25 million (US\$25 million) at its Melbourne facility while Prysmian will spend an extra A\$13 million (US\$13 million) on plant and equipment in Sydney. The initial contracts will create 400 new manufacturing jobs in Australia. Corning is fully committed to the NBN rollout.
- **Telstra Corp. had a revamp of its senior executive ranks with two new appointments as the company is being split into separate wholesale and retail networks, preventing the company from giving its retail arm a better deal than rival operators that pay to use its network infrastructure.** Brendon Riley has been appointed chief operations officer, replacing 43-year Telstra veteran Michael Rocca. Paul Fegan was named group managing director of the new Strategy & Corporate Services business unit. The unit will combine Telstra's public policy, communications, corporate strategy, and mergers and acquisitions functions, which had previously been led by Michael Quilty, who is leaving the company, and Robert Nason, who will retain responsibility for Project New and advise the company on its program of customer service improvements.
- **Total Access Communication PCL said Chief Executive Tore Johnsen has resigned and will leave the company.** The company has named Jon Eddy Abdullah as the new Chief Executive, effective March 1. Johnsen has accepted a position as Chief Executive of Grameenphone Ltd., a



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Telenor subsidiary and currently the largest mobile telecommunications operator in Bangladesh in terms of revenue, coverage and subscriber base. Abdullah was Chief Executive of Telenor Pakistan Pvt Ltd, Chief Operating Officer in Malaysia's Maxis Telecommunications Bhd, and Chief Technology Officer at Malaysia's DiGi Telecommunications Sdn Bhd.

- **Two consortia are eligible to participate in an electronic auction for the supply of THB17.44 billion (US\$571 million) worth of equipment and an installation contract for TOT PCL.** Of the four consortia that submitted applications for the auction, two failed to meet TOT's technical specifications, said a TOT executive who declined to be named. The two that qualified are the consortium that includes Samart Corp PCL, Loxley PCL, Huawei Technology (Thailand), and Nokia Siemens; and the consortium that comprises United Communication Industry PCL, Advanced Information Technology PCL, and Alcatel-Lucent (Thailand). TOT will conduct the online auction on Jan. 28. It hopes to sign the contract with the winning bidder around Feb. 15-18.
- **Mahanagar Telephone Nigam Ltd. has received bids from Aircel Ltd. and Tata Teleservices Ltd., to offer third-generation mobile telephony services in areas where they don't have airwaves, Chairman Kuldip Singh said.** Tata Teleservices won 3G bandwidth in nine telecom areas and Aircel in 13 areas in a hotly-contested auction last year that drove up the total price of airwaves on sale to at least US\$15 billion. Mahanagar Telephone, which has 3G spectrum in Delhi and Mumbai, said in December it sees each operator to pay about INR700 million (US\$15.3 million) a year to use its network in the two metropolitan cities.
- **India's telecommunication sector is expected to attract INR 2.5 trillion (US\$55 million) investments and the market will cross the INR 4.5 trillion (US\$99 billion)-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 behaviour and the emergence of cloud technologies, he said. Majority of the investments will go into the capital expenditure for setting up newer networks like 3G and developing the backhaul, among other things. The industry will continue to grow at 12-13 percent annually.
- **Reliance Communications Ltd. has accessed US\$255 million via external commercial borrowings to part refinance its third generation spectrum fees and sees to use the remaining US\$1.33 billion of refinancing shortly.** The Reserve Bank of India has approved US\$1.585 billion worth of refinancing towards fees for the spectrum, which was allocated to telecom players to run 3G services. Reliance Communications will benefit from [the] extension of [the] maturity and substantial savings in interest costs from this facility. The company said the US\$255 million loan was funded by a consortium of banks led by Australian and New Zealand Banking Group Ltd., BNP Paribas, Credit Agricole Corporate and Investment Bank, DBS Bank Ltd. and Intesa Sanpaolo Spa.
- **ZTE Telecom India has appointed Cui Liangjun as the new chief executive officer.** Incumbent CEO Huang Dabin would continue working with ZTE at its headquarters in Shenzhen, China, ZTE Corporation said. Prior to his new role, Liangjun was the Vice General Manager and Chief Technology Officer of ZTE Telecom India.
- **Tulip Telecom Ltd. is in talks with couple of strategic and financial investors to raise INR2.5 billion (US\$55 million) to INR3 billion (US\$65 million) by selling a stake in its wholly owned data center unit.** The company will sell a 20 percent-30 percent stake in Tulip Data Center Services

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Pvt. Ltd. to help fund its expansion in the high-margin business and sees to sign a deal before the close of the current fiscal year through March 2011. Tulip Telecom provides data connectivity through wireless and fiber optic technology to offer networking, communication and related services to the government and companies in India. The company will focus more on providing higher margin data center space, video conferencing and internet telephone services, in a bid to improve profitability. The data centers act as centralized collection of information, which is saved and routed through computer servers.

- **Indian mobile operators ended December 2010 with 542.97 million GSM subscribers, up 3.25 percent from 525.9 million subscribers in November, according to association Coai.** In total, India's GSM mobile subscriber base surged by 17.1 million. Bharti Airtel remained market leader with a market share of 28.09 percent, slightly down from 28.41 percent in November. The operator had 152.4 million subscribers, up from 149.4 million a month earlier. Vodafone Essar added around 3.09 million new customers and its subscriber base reached 124.2 million, up from 121.2 million a month earlier, and Vodafone Essar's market share was 22.88 percent. Idea Cellular was in third place as its subscriber base surged to 81.7 million customers from 78.8 million in the prior month and Idea's market share was 15.06 percent. BSNL added 3.19 million customers to bring its customer base to 81.4 million and its market share to 14.99 percent.
- **Tech Mahindra Ltd. had a near 49 percent increase in third quarter consolidated net profit as the software exporter got a boost from the earnings of its associate company, Satyam Computer Services Ltd. Tech Mahindra said its October-December net profit surged to INR2.57 billion (US\$56 million).** The results include a INR515 million (US\$11.3 million) gain from its ownership of Satyam. Tech Mahindra owns a controlling stake in Satyam Computer, which in November had a net profit of INR975 million (US\$21.4 million) for the April-June 2010 quarter and a profit of INR233 million (US\$5.1 million) for July-September. That was the first time Satyam Computer had released results since July-September 2008 as it was embroiled in a scandal after its founder and then-chairman, B. Ramalinga Raju, confessed to overstating profits for years.
- **Tata Group reshuffled the top management of some of its group firms with Tata Communications head N. Srinath replacing Tata Teleservices managing director Anil Kumar Sardana, who will take charge of Tata Power.** Sardana succeeds Prasad R. Menon, who retires on January 31 this year. Tata Communications (formerly VSNL) gets a new MD and CEO in Vinod Kumar. Sardana had expressed desire to resign from the position to take up responsibility with another Tata company. Srinath would be taking over as the MD and CEO of Tata Teleservices. He would also be one of the additional directors at the company. Srinath will still be the non-executive director on the board of Tata Communications and some of its subsidiary/associate companies such as Neotel.
- **The number of new fixed-line subscribers in Indonesia has been decreasing over the past few years as consumers prefer mobile phones.** State-owned telecommunications firm Telekomunikasi Indonesia (Telkom). Revenues from fixed-line subscribers decreased by 18 percent in 2008, by 16 percent in 2009, and by 6 percent last year.
- **PT Indosat may report revenue growth of 12 percent for 2010 from the IDR18.39 trillion (US\$2.0 billion) recorded in 2009, the company's chief executive cited.** Indosat had at least 50 million subscribers. The company currently has IDR6.18 trillion (US\$682 million) in cash on hand which will be sufficient to repay the IDR1.1 trillion (US\$110 billion) of debts due in 2011 and help



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finance the company's capital expenditure. Indosat, the nation's second largest cellular call operator by subscribers, is seen to announce its audited 2010 earnings in late March.

- **Telekomunikasi Indonesia (Telkom) is rethinking its planned CDMA deal with Bakrie Telecom.** Telkom and Bakrie are planning to merge their CDMA units and Bakrie was reportedly offering US\$1 billion for Telkom's Flexi unit. Telkom now wants a majority stake in the deal.
- **The board of directors of Thai mobile operator DATC, a Telenor group company, has appointed Jon Eddy Abdullah as the new chief executive, following the resignation of Tore Johnsen.** Johnsen will take up the role of CEO with Grameenphone, one of Telenor's subsidiaries in Bangladesh. Jon Eddy Abdullah was previously the CEO of Telenor Pakistan.
- **Samart expects its subsidiary Samart Telcoms (SamTel) to post revenues of THB 10 billion (US\$329 million) in 2011.** The growth would be boosted by state-enterprise bids for projects, such as 3G roll out, RFID, and e-ticket projects, The Bangkok Post writes citing president Watchai Vilailuck. In 2012, SamTel sees revenues of THB 16 billion (US\$526 million). Subsidiary Samart I-Mobile (SIM) sold 3.55 million mobile handsets in 2010, of which 3.2 million were domestic sales. The company also ended the year with 150,000 MVNO customers and hopes to boost the number of 500,000 this year. Samart is pinning its hopes on TOT's 3G nationwide network expansion.
- **TOT expects to post a loss of at least THB 1 billion (US\$33 million) for 2010, owing to high expenses and the impact of floods.** TOT earned revenues for 2010 of approximately THB 28 to 29 billion (US\$ 921-954 million), Dow Jones Newswires writes citing acting company president Noppanat Hutacharoen. 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\$559 million) tender for the roll out of the planned 3G network at the end of this month. TOT is also planning to 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\$263 million).
- **The Philippine Chamber of Telecommunications Operators (PCTO) said that the regulator's plan to require a minimum speed on broadband services contradicts rules that deregulated value-added services.** In a separate position paper submitted to the National Telecommunications Commission (NTC), the group said that broadband access is a value-added service and as such is not regulated, BusinessWorld reports. Globe Telecom said that broadband connections that are offered 'mass-based' and such unlimited services are considered 'best efforts'. Due to the heavy volume of users, there is no guarantee on minimum speeds. PLDT cited technical costs and constraints that would hamper the NTC's plan. The NTC will issue a Memorandum Order that will require operators to offer broadband services at a minimum speed and quality. The operators pushed for a clause in the order that would allow them to set data caps through a fair use policy.
- **Globe Telecom has expanded its international network by activating capacity on a cable system to serve the rising data demand of enterprises and large corporations.** The Unity Cable System is a Trans-Pacific cable that runs a span of 9,620 kilometers between Japan and the United States. Unity Cable has one of the lowest latencies across the Pacific and provides direct connections for internet traffic between Asia and the US. Completed last March 30, the Unity Cable has 960Gbps or a total of 96 10G wavelengths capacity. Globe activated its first Unity circuit as early as the third quarter of last year through Globe Business to serve the needs of its enterprise customers. Together with the other submarine cable investments of Globe, Jesus C. Romero, Enterprise Segments head of Globe Business, said the Unity Cable System brings surged network resiliency to Globe Business as it remains responsive to the needs of customers for continuous and reliable connection.

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- **Singapore has ended November 2010 with 7.236 million mobile subscribers, up from 7.213 million in October.** The mobile penetration rate stood at 142.5 percent, according IDA. Of the total mobile subscribers in Singapore, 300,200 are 2G postpaid subscribers, 2.351 million are 2G prepaid subscribers, 3.435 million are 3G postpaid subscribers, and 1.150 million are 3G prepaid customers. Meanwhile, the number of broadband subscribers surged to 7.630 million from 7.501 million in October and the broadband penetration rate stood at 186.9 percent. Of the total, 567,700 use xDSL, 674,100 subscribers access the internet via cable, 6.379 million use wireless broadband, and 8,700 subscribers use other access technologies. Some 68,400 people still use dial-up technology, down from 69,200 in October.
- **M1 had flat profits for the fourth quarter while full year profits surged over 4 percent.** Net profit after tax went up 4.5 percent to S\$157.1 million (US\$122 million) but fourth quarter profits were flat at S\$37.5 million (US\$29 million). Full year operating revenues were S\$979.2 million (US\$762 million), due to higher service revenues and handset sales, and fourth quarter operating revenues were S\$261.4 million (US\$203 million). Full year service revenues were S\$732.9 million (US\$571 million), up 4.6 percent, owing to growth in the mobile customer base as well as higher contributions from fixed services. Revenue from non-voice services surged by 5.9 percentage points during the year to make up 31.9 percent of service revenue, driven by continual growth in mobile broadband and smartphone customer base. In the fourth quarter, total customer base surged by 19,000 customers to 1.911 million customers as at 31 December 2010. M1 had a full year EBITDA of S\$313.3 million (US\$244 million), while fourth quarter EBITDA slipped 2.4 percent to S\$77.4 million (US\$244\$ million). The company sees to see improved net profit after tax for this year.

## *Hardware*

- **Canon will integrate the sales and distribution network of Dutch-based Oce, which it acquired in 2009, in India, in addition to eyeing a revenue of Rs 100 crore (US\$22 million) this year from its professional printing business in New Delhi.** Canon had acquired Netherlands-based Oce in 2009 for about US\$1.1 billion. The company currently holds 90 percent stake in Oce. It operates in India through wholly-owned subsidiary, Canon India. The integration will expand its product portfolio and help enter into new segments, which include book publishing, transactional printing like phone and credit card bills. The company said its portfolio will expand and cater to the high end segments as well. The company is looking for alliances to enter the space. It has already hired 60 people in the sales and services division and is looking at hiring more people as it to expand its presence in more cities across the country. Canon registered a growth of 50 percent last year in India, with a revenue of Rs 1,260 crore (US\$276.8 million) and is seen to generate over Rs 4,500 crore (US\$988.4 million) by 2015.

## **United States/Canada**

### *Telecommunications*

- **Verizon Communications Inc. would take pre-tax charges of US\$600 million to last year's results as it becomes the latest company seeking to simplify how it accounts for its pension and other post-retirement benefits.** The company would switch to mark-to-market accounting method, which records gains and losses each year, rather than the traditional technique of smoothing over costs and gains over a number of years. Verizon Chief Financial Officer Fran Shammo said the change will make its financial reporting easier to understand and more transparent. The system of smoothing out gains and losses over several years has been widely criticized for years.

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## *Internet*

- **Google continued to regain market share for Internet searches in December from No. 2 Yahoo.** Google widened its lead of the search market to 66.6 percent, up 0.4 of a percentage point, while Yahoo's share declined 0.4 of a point to 16 percent. Microsoft's sites, including its Bing engine, again came in third with a 12 percent market share, boosted 0.2 percent from November's level. Overall, users made at least 16.4 billion searches in December. ComScore has shifted how it reports its data after Yahoo's "contextual searches" skewed results this summer. While comScore's definition of a search included the traditional search-box query type of searches, it also included some automatic search results that pop up without a user entering a specific query. Now, the group is measuring U.S. explicit core searches, which exclude contextual searches that don't reflect any intent by users.
- **Google Inc. is granting an equity award package of US\$100 million to Eric Schmidt, who will be succeeded as chief executive officer by co-founder Larry Page in April.** The award includes stock units and options on shares that will vest over four years. Schmidt is becoming the executive chairman of Google in April to focus on external matters, including deals, partnerships, customers and government outreach. Schmidt will leave his post after helping the company grow to US\$29.3 billion in revenue last year from less than US\$100 million the year he arrived. Google granted Patrick Pichette, chief financial officer, and Nikesh Arora, head of global sales, US\$20 million in equity awards apiece. Alan Eustace got a US\$10 million equity award, while Jonathan Rosenberg, senior vice president of product management, received a US\$5 million award.
- **Facebook Inc. raised US\$1.5 billion in a financing round led by Goldman Sachs Group Inc., less than the US\$2 billion it could have received.** Goldman Sachs and funds managed by the firm along with Digital Sky Technologies invested US\$500 million in Facebook in December, valuing it at US\$50 billion, Facebook said in a statement. Goldman Sachs also completed an oversubscribed offering to its non-U.S. clients in a fund that invested US\$1 billion, similarly valuing the company at US\$50 billion. The investment provided an opportunity to boost its cash reserves and surge its financial flexibility with limited dilution to shareholders. The company may have taken less than the full US\$1.5 billion due to the value of the shares is rising in private markets and it won't be difficult to raise money in the future.
- **Google Inc. likely will report more gains in search-advertising revenue and market share when it reports fourth-quarter earnings, according to IHS iSuppli Corp.** Based on results for the first three quarters of the year, the group estimated Google's full-year search advertising revenue last year surged 20 percent to US\$25.4 billion, while its share of the search market widened two percentage points to 83 percent. The arrival of Microsoft Corp.'s Bing search engine and increasing competition in growing markets like China, Russia and South Korea both indicated 2010 might be the year that Google would surrender some of its dominance in the global search advertising market. But despite those headwinds, Google still outgrew the overall market.
- **Facebook's profitability tops a youthful Google's. Limited financial data disclosed to potential investors suggest it could be.** A document shared with prospective investors in a US\$1.5 billion private placement of Facebook shares conducted by Goldman Sachs Group Inc., which was reviewed by MarketWatch, indicates that the seven-year-old social networking service has already become remarkably profitable. Facebook's operating margin, a key measure of efficiency, was roughly 48 percent for the first nine months of last year, according to the Goldman document. For the first nine months of last year, Facebook saw revenue surge nearly 180 percent to roughly US\$1.2 billion, from almost US\$450 million in the same period a year earlier, according to the Goldman offering.

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document. Meanwhile net income surged to over US\$350 million from less than US\$50 million. Closely held Facebook notes its figures for last year are unaudited.

- **Google Inc. said co-founder Larry Page would replace Eric Schmidt as chief executive in a surprising management reshuffle announced with the Internet company's fourth-quarter earnings, which jumped 29 percent.** The moves were made to streamline decision-making and create clearer lines of responsibility and accountability at the top of the company. Page takes the reins at a time when Google is striking out in multiple directions with its small businesses, from its online video site YouTube to its large push in mobile advertising with Android. The investments, which drew their share of skeptics, are beginning to take hold even as its core search and advertising business continues to hum. Schmidt will become executive chairman, focusing on deals, partnerships, customers and broader business relationships. He also will continue to act as an adviser to Page and co-founder Sergey Brin, who will devote his energy to strategic projects.

## *Hardware*

- **IBM reported fourth-quarter profit and sales that topped analysts' estimates.** Sales surged to US\$29 billion as hardware revenue got a surge from IBM's newest mainframe and companies acquired more analytics software. Fourth-quarter hardware revenue surged 21 percent to US\$6.3 billion, as the mainframe introduced in July helped surge sales in that product category by almost 70 percent. Sales from the software division gained 7 percent to US\$7 billion. Net income for the quarter surged 9.2 percent to US\$5.26 billion. Revenue from growth markets, such as Brazil, India and China, surged 15 percent. Sales from the regions will make up at least a quarter of revenue by 2015, the company said in May, boosted from 21 percent last year.
- **Lenovo is establishing a business group, the Mobile Internet and Digital Home Business Group (MIDH), responsible for creating mobile internet-focused devices, including tablets and smartphones, and devices for categories like cloud computing, smart TV and the digital home.** Lenovo product group's president Liu Jun will lead the new group as president. He is based at the company's China headquarters in Beijing. The company has promoted Peter Hortensius, formerly head of its think product group, to president of its product group. He is based at Lenovo's US headquarters in Raleigh, North Carolina.
- **Hewlett-Packard Co. will replace four board members and adding a fifth, part of sweeping changes that come less than six months after the exit of former Chief Executive Mark Hurd.** Four of its directors namely Joel Hyatt, John Joyce, Robert Ryan and Lucille Salhany will resign. The new board members are Shumeet Banerji, chief executive of consulting firm Booz and Co.; Gary Reiner, former chief information officer of General Electric Co.; Patricia Russo, former chief executive of Alcatel-Lucent; Dominique Senequier, chief executive of AXA SA's AXA Private Equity; and Meg Whitman, former chief executive of eBay Inc. and a recent California gubernatorial candidate.
- **Apple's fiscal first-quarter profit surged 78 percent as the company had strong sales of iPhones and Mac computers, a performance that will likely allay investor concerns over Chief Executive Steve Jobs's health.** The company had double-digit sales growth in all the regions where it sells its products. Only its desktop computers and iPod music player showed year-over-year unit sales declines. Revenue surged 71 percent to US\$26.7 billion--the best ever for the company--and well above Apple's own projection of about US\$23 billion. The blowout earnings come just a day after Apple said Jobs, a pancreatic cancer survivor, would go on open-ended medical leave. The news revived questions about how long Jobs, who is closely involved in many aspects of the company's



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product design and manufacturing process, would remain CEO and who would replace him. Tim Cook, the company's chief operating officer, will be in charge of the company during Jobs's absence.

## Europe

### *Mobile/ Wireless*

- **Chief Financial Joe Kaeser said that an initial public offering for Nokia Siemens isn't scheduled for 2011.** In the search for an investor, only U.S. financial investors Blackstone Group Lp and The Gores Group are left, according to Manager Magazin. Talks with the two potential investors about a minority stake of at least 30 percent in NSN were ongoing.
- **Sony Ericsson eked out a small profit in the key end-year quarter that declined well short of what the market was looking for, as it was forced to cut prices to woo customers who had a wide range of rival smartphones to choose from.** The company had net profit of EUR8 million (US\$10.9 million) for the three months to Dec. 31, after a EUR167 million (US\$227 million) net loss a year earlier as it surged its focus on the high end of the market. But the figure declined well below analysts' expectations for a EUR68 million (US\$93 million) profit. Sales also declined to EUR1.53 billion (US\$2.1 billion), against expectations for flat sales year-on-year. The company had an operating profit of EUR39 million (US\$53 million).
- **Alcatel-Lucent SA still expects fourth-quarter results to have been strong, Chief Executive Ben Verwaayen says.** Alcatel-Lucent said it seen significant growth in fourth-quarter revenue and confirmed its adjusted operating margin target of between 1 percent and 5 percent for 2010. Around 75 percent of the company's research budget will be invested in new technologies this year.

### *Media, Gaming and Entertainment*

- **Pearson Plc raised its 2010 profit forecast for the third time, citing growth in emerging markets and digital services.** Pearson surged as much as 5.6 percent. Adjusted earnings will be about 76 pence per share. Continuing operating profit for last year will be about 850 million pounds (US\$1.36 billion). Pearson will report healthy sales growth and further margin improvement for the year, due to its investments in global education, emerging markets and digital activities. Pearson's North American education business surged its market share and international education had a strong fourth quarter.
- **The BBC announced that the head of its future media and technology (FM&T) division Erik Huggers is leaving to take up a position at Intel.** Huggers will become vice president and general manager of Intel's digital home group, as well as becoming a member of the company's management committee. Huggers joined the BBC in 2007 and became responsible for overseeing how it delivers its content via the Internet, interactive TV and mobile devices. He also led the broadcaster's research and development activities.

### *Telecommunications*

- **Turkcell aims to increase revenue and EBITDA by a high single digit percentage in 2011.** The company predicts higher profitability in the mobile market in 2011 and a similar pricing environment as in 2010. Turkcell forecasts Ukraine and Belarus Superonline and betting operations' revenue to increase at least 10 percent on the year in 2011.

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- **The European Commission approved EUR1.8 billion (US\$2.4 billion) of state aid for broadband development in 2010, four times the amount approved in 2009.** Smart investments into high and very high speed broadband infrastructures are crucial to create jobs, surge economic performance and to unlock the competitive potential of the EU in the long term, EU Commissioner for competition policy Joaquín Almunia said. The EU's executive arm approved state funding for broadband development in, among others, Catalonia, Finland and Bavaria. This will potentially generate up to EUR3.5 billion (US\$4.7 billion) of investments in the sector.
- **Vodafone International Holdings B.V. had expressed concerns over a potential merger between an Essar Group-owned listed company and the group's privately held unit, which in turn owns an indirect stake in the British telecommunication firm's Indian venture.** The Essar Group, led by the billionaire Ruia brothers namely Shashi and Ravi have been looking to capitalize on their investment in India's telecom sector, which despite stiff tariff wars and bleeding margins has been the world's fastest growing telecoms market. Ruias-led Essar Telecommunications Holdings Pvt. Ltd. owns an indirect 11 percent stake in the Vodafone Essar Ltd., in which Vodafone bought a 67 percent stake for US\$11.2 billion in February 2007 from Hutchison Whampoa Ltd. The rest of Essar's 33 percent stake in Vodafone Essar is owned by the privately held Mauritius-based Essar Telecom India Ltd.
- **Deutsche Telekom AG is now centering on mobile internet services, aggressive marketing and low prices in its U.S. operations, Chief Executive Rene cited.**
- **France Telecom SA is in talks with DailyMotion SA to acquire as much as half of the online video provider.** France's largest phone company may announce the beginning of exclusive negotiations to buy a third to one half of DailyMotion on Jan. 25. France Telecom Chief Executive Officer Stephane Richard is targeting new services to win a piece of the market dominated by Google, Apple and Facebook. Last year, he complained large online traffic generators such as YouTube make money using phone networks without contributing to their upkeep. He proposed a system of billing by data usage. Investing in DailyMotion would give France Telecom advertising revenue like that earned by YouTube. DailyMotion attracted 93 million monthly visitors as of October. France Telecom may begin a two step investment process that could lead to another investor also taking a stake in DailyMotion.
- **Vodafone Group PLC plans to sell its 44 percent stake to SFR for GBP7 billion (US\$11.2 billion).** Vodafone is having talks with Vivendi S.A., which owns the remaining shares in SFR. Bankers are advising Comcast Corp. as it buys 20 percent stake of NBC Universal expect the process to be completed within weeks.

## *Semiconductor*

- **European semiconductor companies are set for continuing growth due to the rising popularity of smartphones and tablet computers, which helped pull the sector out of the slump caused by the economic downturn, while they are also less exposed to the more challenging personal computer market than some U.S. and Asian rivals.** Dutch semiconductor equipment maker ASML Holding NV already said in December that the rising popularity of smartphones and tablets had led to stronger-than-expected demand for its lithography equipment, and it now expects fourth-quarter orders to exceed EUR2 billion (US\$2.7 billion).
- **ASML Holding NV had fourth-quarter profit that beat analyst estimates, with 2010 sales rising to a record.** Net income advanced to 407 million euros (US\$549 million) from 50.5 million euros a

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year earlier. That beat the 325.8 million-euro average of 11 analysts' estimates compiled by Bloomberg. Sales surged to 1.52 billion euros (US\$2.06 billion). ASML is benefiting from surged chip-equipment demand. Intel Corp. raised its spending budget for this year as it will invest between US\$8.7 billion and US\$9.3 billion on plants and equipment.

## *Technology*

- **Europe's Galileo satellite navigation system project, which aims to compete with the U.S. Global Positioning System, will need another EUR1.9 billion (US\$2.5 billion) between 2014 and 2020 to be fully operational, the European Union's industry chief said.** The project's budget has been tagged at EUR3.4 billion (US\$4.6 billion) until 2013, but the other EUR1.9 (US\$2.5) will be needed to make it fully operational and launch all of the 30 planned satellites. The much-delayed Galileo will be publicly funded after private aerospace and defense companies, the initial financiers, doubted its profitability and backed out. The commission last year awarded at least EUR1 billion (US\$1.3 billion) in contracts to develop the system, with German space technology company OHB-System AG, a unit of OHB Technology AG, getting the biggest deal, to provide 14 satellites.

## **South Africa/Middle East/Latin America**

### *Mobile/ Wireless*

- **Brazil mobile phone subscriptions surged to 202.94 million in 2010, boosted 16.66 percent from the previous year.** New subscriptions totaled 28.98 million in 2010, Anatel said. Vivo Participacoes SA ended the year as market leader with a 29.71 percent share of subscriptions. Spain's Telefonica SA recently will acquire Portugal Telecom SGPS SA's controlling share in Vivo. Claro was in the No. 2 position last year with a 25.44 percent market share. TIM Participacoes SA was in third place with 25.14 percent of market share. TIM is the local unit of Telecom Italia SpA. In fourth-place, mobile-phone operator Oi registered a share of 19.35 percent in 2010.

### *Telecommunications*

- **Zambia Telecommunications Co., or Zamtel, will invest at least US\$23 million in its network across the country in a bid to improve Internet services.** The project is a rollout plan that is aimed at ensuring all districts in the country attain improved Internet services by the end of February. Libya's LAP Green Networks bought a 75 percent stake in the former state-owned company for US\$257 million, beating out bids from groups led by Angola's Unitel Corp. and Russia's Vimpelcom Ltd. The government retained a 25 percent stake in the company.
- **Emirates Telecommunications Corp. is working on US\$12 billion deal for a stake in Kuwait's Mobile Telecommunications Co., or Zain, after a lack of information resulted in it missing a Jan. 15 due diligence deadline.** Etisalat in late September offered to acquire 46 percent of Zain in a deal worth US\$11.7 billion, making it potentially one of the biggest corporate transactions of recent times in the Middle East and fueling Etisalat's regional expansion strategy.
- **Saudi Telecom Co.'s fourth-quarter net profit declined 23 percent to 2.29 billion Saudi riyals (US\$610.7 million).** EFG-Hermes seen STC to post a fourth-quarter net profit of SAR2.34 billion (US\$624 million), while analysts at Dubai-based Shuaa Capital had penciled in SAR2.2 billion (US\$586 million). STC attributed the fall to one-time gains a year earlier from the listing of Maxis Group, its Malaysian joint venture, and the sale of fixed assets, Al-Jawal Network Towers, to Aircel of India.



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



Week of 17 January 2011 - 23 January 2011

Fourth-quarter operating profit surged 15 percent to SAR3.03 billion (US\$808 million), while full-year net income dropped 13 percent to SAR9.4 billion (US\$2.5 billion). STC said 2010 profit declined due to a surge in costs related to capital investments home and abroad.

- **Etihad Etisalat Co.'s (Mobily) fourth-quarter net profit surged 39 percent to 1.46 billion Saudi riyals (US\$389.1 million) due to increasing customers and data revenue.** Shuaa Capital had seen Mobily to post a fourth-quarter net profit of SAR1.19 billion (US\$317 million). Net income for the 12-month period amounted to SAR 4.2 billion (US\$1.1 billion). Mobily, in which the U.A.E.'s Emirates Telecommunications Corp. holds a 27.4 percent stake attributed the surge in profit to an surge in the number of subscribers, including post-paid and High Speed Packet Access, or HSPA, users. The firm completed last year trials for the coming upgrade of its HSPA+ network testing speeds of 42Mbps and is expanding its domestic market. It currently covers 587 cities, towns and governorates in Saudi Arabia.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 1/21/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	82.5800	-0.4%	-1.4%	1.8%	-11.1%
Hong Kong dollar	HK\$/ US\$	7.7907	0.2%	0.2%	0.2%	0.5%
Chinese renmenbi	RMB/ US\$	6.5831	-0.1%	-1.4%	-0.1%	-3.6%
Singapore dollar	S\$/ US\$	1.2829	-0.3%	-2.6%	0.03%	-8.7%
South Korean won	KRW/ US\$	1,118.0000	0.3%	-3.1%	-0.2%	-3.9%
New Taiwan dollar	NT\$/ US\$	29.0800	-0.3%	-2.8%	-0.3%	-9.0%
Australian dollar	US\$/A\$	0.9891	0.0%	-0.4%	-3.1%	10.2%
New Zealand dollar	US\$/NZ\$	0.7578	-1.1%	2.2%	-2.7%	4.6%
Philippine peso	PHP/ US\$	44.4000	0.3%	-0.2%	1.8%	-4.4%
Euro	US\$/€	1.3615	1.8%	3.8%	1.8%	-4.9%
British pound	US\$/£	1.6001	0.9%	3.2%	2.6%	-0.9%

## Fixed Income Prices and Yields

Note	Currency	Current (on 1/21/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	94.80	4.57%	95.38	4.53%	96.73	4.45%
Japan 30-year	¥	97.34	2.15%	96.97	2.17%	98.01	2.11%
Hong Kong 10-year	HK\$	95.31	2.88%	96.07	2.79%	94.68	2.95%
China (06/16)	US\$	105.50	3.55%	105.84	3.49%	105.35	3.60%
Singapore 10-year	S\$	105.25	2.63%	105.53	2.60%	105.55	2.60%
South Korea 20-year	KRW	9,943.59	4.84%	10,057.60	4.74%	11,026.56	4.69%
Australia 15-year	A\$	100.38	5.70%	101.58	5.56%	100.81	5.65%
New Zealand (12/17)	NZ\$	103.01	5.58%	103.49	5.54%	101.11	5.85%
Philippines 20-year	PHP	127.98	9.35%	141.81	8.18%	142.46	8.13%
India 30-year	INR	97.12	8.57%	97.41	8.54%	98.47	8.44%
UK 30-year	£	96.56	4.46%	97.41	4.42%	99.57	4.27%
Germany 30-year	€	120.30	3.60%	122.97	3.49%	123.96	3.47%

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