



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

***Week of 28 February 2011 - March 6 2011***

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Equity Market Indicators					
Index	Closing Level (3/4/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,321.15	0.1%	1.1%	5.0%	18.5%
Dow Jones Industrial Avg.	12,169.88	0.3%	0.9%	5.1%	16.7%
Dow Jones Tech. Index	472.68	0.7%	-0.6%	5.0%	17.4%
Dow Jones Telecom. Index	241.80	1.1%	0.5%	3.1%	10.2%
NASDAQ Composite	2,784.67	0.1%	1.1%	5.0%	22.7%
Japan Nikkei 225	10,693.66	1.6%	2.5%	4.5%	1.4%
JASDAQ	56.14	3.5%	3.4%	7.3%	16.1%
Japan Mothers	525.01	7.8%	12.8%	21.1%	26.1%
Korea KOSPI Composite	2,004.68	2.1%	-3.3%	-2.3%	19.1%
Korea Kosdaq	518.79	1.9%	-1.1%	1.6%	1.0%
Taiwan Stock Exchange	8,784.40	2.1%	-3.9%	-2.1%	7.3%
Singapore Straight Times	3,604.29	0.7%	-5.0%	-7.8%	20.5%
Hong Kong Hang Seng	23,408.86	1.7%	-2.1%	1.6%	7.0%
Hong Kong GEM	748.05	2.8%	-2.9%	-7.7%	10.5%
China Shanghai (A-Share)	3,080.89	2.2%	5.1%	4.8%	-10.4%
China Shenzhen (A-Share)	1,346.35	0.5%	7.5%	-0.4%	6.7%
China Shanghai (B-Share)	317.00	1.4%	3.4%	4.2%	25.6%
China Shenzhen (B-Share)	817.29	0.3%	-1.5%	-0.9%	30.6%

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## Technology, Media, and Telecommunications Market Activity

NASDAQ/NYSE TMT IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
2/25/11	Global Market Group Limited [NYSE: GMC]	Internet	50.0	Business-to-business (B2B) company	NA	NA
2/25/11	Advanced BioHealing, Inc. [NASDAQ: ABHB]	Bio Pharma	200.0	Provides cell-based treatment for diabetic foot ulcers in the US	NA	NA

## NASDAQ/NYSE Equity Markets: TMT IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 3/4/11	% Change From Offer

## Asian Equity Markets: TMT PO Filings

Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

## Asian Equity Markets: TMT 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 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

##### *Internet*

- **The Bing search engine overtook Yahoo! for the first time worldwide in January and surged its lead in February, according to a study by StatCounter.** Globally Bing reached a market share of 4.37 percent in February, ahead of Yahoo! at 3.93 percent. Both trail far behind Google's 89.94 percent of the global search engine market. In the US, Yahoo! at 9.74 percent still retains its lead over Bing at 9.03 percent. Google's share in the US is 79.63 percent. In July 2009 Microsoft announced an agreement whereby Bing would power the Yahoo! search technology. This has been implemented in the U.S., Canada, Australia, Brazil and Mexico. Google dipped below the 90 percent mark in February worldwide for the first time since August 2009.

##### *Mobile/ Wireless*

- **Juniper Research forecasts mobile entertainment service revenues to increase to US\$54 billion in 2015, due to the continuing escalation in smartphone adoption and the attendant increase in downloads of consumer-oriented applications.** The combination of app stores and smartphones created an unprecedented level of awareness and usage of services such as social media, games, video and streamed music. At the same time, the transition from the walled garden business model to an open mobile internet created greater opportunities for D2C players in niche areas such as gambling and adult services. In addition, researchers noted that the rise in consumer adoption of rich media content prompted unprecedented interest in mobile channels from major brands, which are allocating increasing proportions of digital budget to mobile.

##### *Information Technology*

- **Global sales of IT hardware, software, and IT services will surge by 4.4 percent this year, to EUR 1.1 billion (US\$1.5 billion), according to EITO research.** Emerging countries are energizing markets, led by the BRIC states of Brazil, Russia, India, and China. The IT markets in these four countries are currently growing by an average of 11 percent. But even established, industrialized nations are seeing spending on IT surge again now the crisis is over. In the EU, there is almost 3 percent growth, and in the US at least 4 percent. Japan is the only exception, with just 0.6 percent. When it comes to the five largest EU countries, Germany leads in terms of growth. In 2011 and 2012, the second-largest European IT market after Great Britain will expand by around 4 percent, with France not far behind, the study shows. Growth in the Italian and Spanish markets this year is less than 2 percent.

##### *Hardware*

- **Gartner has lowered its PC unit forecast for 2011 and 2012, based on expectations of weaker demand for mobile consumer PCs, especially in China.** Worldwide PC shipments are now forecast to reach 387.8 million units in 2011, a 10.5 percent surge from 2010, down from Gartner's previous projection of 15.9 percent growth. For 2012, Gartner sees worldwide PC shipments to total 440.6 million units, a 13.6 percent surge from 2011, and down from Gartner's previous outlook of 14.8 percent. Gartner noted that consumer mobile PCs have been the dynamic growth engine of the PC market over the past five years, averaging annual growth rates near 40 percent. However, due to

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the spread of low-cost embedded Wi-Fi modules, internet access is now available through a multitude of mobile devices, without the need of a mobile PC. Overall, Gartner now sees home mobile PCs to average less than 10 percent annual growth in mature markets from 2011 through 2015.

### Japan

#### *Telecommunications*

- **Softbank Mobile Corp announced a reduction of up to 25.4% in call connection fees that other mobile phone service providers pay to use Softbank networks for fiscal 2010 ending this month.** The two other major Japanese mobile phone firm, NTT Docomo and KDDI have already offered substantial cuts in such fees for the year. As all three firms reduce call connection fees, they expect to see cuts in revenues, which is why they are reluctant to reduce charges for their subscribers. Softbank plans to lower the call connection fees in fiscal 2010 by 25.3% from the previous year to 22.86 yen per three minutes for local calls and by 25.4% to 26.46 yen for out-of-area calls.
- **Amazon.com Inc. begun operating a data center near Tokyo for its cloud computing services.** The new facility is Amazon's fifth data center in the world and the second in Asia, following one in Singapore. For Japanese companies that utilize the U.S. group's cloud computing platform, the presence of a domestic data center will reduce data transfer lags. It will also meet the needs of those customers who want vital data to be kept within national borders.

#### *Internet*

- **Yahoo! is rumored to be in advanced talks to sell its stake in Yahoo! Japan to Softbank.** Softbank currently holds 42 percent in Yahoo! Japan and Yahoo! holds 35 percent and the remainder is listed. The Yahoo! stake is worth approximately US\$7.5 billion based on the latest share price. When asked for comment, a SoftBank spokesman said there was "no truth" to claims that Yahoo was planning to sell its stake back to SoftBank, but declined to comment on discussions. If and when a deal is reached, Yahoo! is likely to turn its attention to the China market, where it owns an estimated 40 percent stake in Alibaba, said Reuters. Softbank also owns a stake in Alibaba. A deal for Yahoo's stake in the mature Japanese market could bring a cash infusion that could be viewed favorably by investors, analysts have said. The ongoing negotiation between SoftBank and Yahoo! have turned up a number of potential deal structures to avoid paying a 38 percent tax bill. Tax-free options being discussed include an asset swap, where SoftBank would acquire a stake in Yahoo!, with which it would swap for Yahoo!'s Yahoo Japan! stake. Another option is for Yahoo! to set up a tracking stock giving its shareholders the ability to sell off the stock. A plan to set up a tracking stock, which does not require the approval of SoftBank founder Masayoshi Son, is seen as negotiating leverage for Yahoo!, according to Reuters. A tracking stock would likely depress the valuation of Yahoo Japan! shares, as it would dilute the value of the existing shareholders.

#### *Semiconductors*

- **Toshiba Corp. signed a deal to sell a non-memory chip manufacturing facility in Nagasaki Prefecture, western Japan to Sony Corp. for 53 billion yen (US\$648 million) in the latest effort by the company to scale back investment costs in non-core areas.** The two companies didn't disclose the value of the transaction at the time. Toshiba and Sony said that the transfer of the production line is scheduled to take place on April 1. Sony will convert the Toshiba facility to produce image sensors. By taking over the Toshiba line and refurbishing its existing line, Sony aims to double its image sensor production capacity to 50,000 wafers a month by March 2012, from 25,000 currently.

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The deal comes after Sony sold some facilities a few years ago that make chips used in its PlayStation 3 game console to Toshiba in Sony's series of divestitures aimed at refocusing the company around its core electronics business.

- **DRAMs for smartphones and other cellular phones are expected to account for 50 percent of Elpida Memory Inc.'s January-March sales.** Demand for what the chipmaker calls premium DRAM is on the surge accompanying the growing popularity of smartphones. In contrast to PC DRAMs, prices for the mobile DRAMs are determined in negotiations with customers, so the risk of price declines is relatively limited. Premium DRAM has been increasing as a percentage of Elpida's sales since the July-September quarter and came to around 40 percent in the October-December term. Since the start of the year, demand for chips used in tablet computers due out from April has also been rising. The price computer manufacturers pay for PC DRAMs is in the neighborhood of 1 dollar for a 1-gigabit DDR3 chip, hurting profitability. Elpida swung to a 26.8 billion yen (US\$325 million) operating loss in the October-December period.

### *Hardware*

- **Fujitsu is planning to enter the market for electronic books in May, delivering digital content procured from Dai Nippon Printing to personal computers, smartphones and other devices.** In addition to Dai Nippon Printing and its affiliate Mobilebook.jp, Fujitsu said it will seek collaborations with other e-book service providers. The initial catalogue will include 300,000 magazines, white papers, statistical information, survey reports, and other publications geared towards business people provided by G-Search, a Fujitsu Group company. The service will include business, IT, test prep and other e-book content from Fujitsu FOM's publication unit. Fujitsu will partner with internet service provider subsidiary Nifty, which has at least 1.8 million broadband subscribers and also sells content, for its payment system and marketing. Subsidiary Fujitsu Frontech also will debut a new type of e-reader that uses color electronic paper this summer.

## **Korea**

### *Telecommunications*

- **South Korean household expenses for telecommunications costs have grown substantially, aggravating the financial burden of consumers.** According to the country's statistics service, monthly telecommunications bills averaged KRW 136,682 (US\$121) per family last year, up 4.8 percent from a year ago and the highest since 2003 when the service began to compile statistics in the category. The sharp growth of mobile phone bills is due to the surging subscription costs for smart phones. Because of the accelerating number of smart phone users, the three telecom giants namely SK Telecom, KT and LG Uplus. Whereas subscribers suffered surged financial burdens, the three telecom giants reaped astronomical profits. The technology prowess of mobile phones and subscription rates in South Korea are among the highest in the world. The subscriptions for smart phones have reached 7 million and the number is seen to surge to 20 million by the end of this year.
- **KT Corp. said that it has expanded coverage of a high-speed wireless Internet network WiBro to 82 cities in Korea.** KT plans to release at least one tablet computer each by Samsung Electronics Co. and HTC Corp., a smartphone and laptop computers equipped with WiBro connectivity before this summer to encourage users to take advantage of the high-speed wireless Internet network, the company said in a statement.

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- **SK Telecom will start selling the Apple iPhone 4 from March 16, with pre-orders to begin from 7 a.m. March 9.** This will end KT's exclusive distribution of iPhones here and signals mounting competition between the two leaders in the market.
- **SK Telecom has chosen four venture firms involved in mobile software development to provide them with financial and operational support.** Under its "Open API Collaboration Project", SK will provide Korea Data House, AddAdsFriend, Panex, and Geocaching Korea each with a minimum of KRW50 million (US\$447,487), a workspace, and the necessary devices and equipment to develop apps, the Korea Herald reports. A total of 42 companies pitched ideas for the project. The four winners aim to integrate games, advertising, shopping, or social networks with T Map, SK's location-based service that provides a route guide and traffic information on a real-time basis. The company said it will invite other, smaller developers for support during the year as well.

### *Media, Gaming and Entertainment*

- **South Korea's antitrust watchdog slapped major digital music providers with a combined KRW 18.8 billion (US\$17 million) in fines for rigging prices of digital music content and online download services, said the Yonhap News Agency.** Loen Entertainment and Mnet Media were fined KRW9.58 billion (US\$8.5 million) and KRW1.98 billion (US\$1.8 million), respectively, as mobile service providers and online music site operators SK Telecom and KT were slapped with KRW1.96 billion (US\$1.7 million) and KRW811 million (US\$725,902) fines, according to the Fair Trade Commission.

### *Mobile/ Wireless*

- **LG Electronics India will be launching 35 to 40 mobile models this year, reports the Business Standard citing LG's business head Vishal Chopra.** The company is focusing on mid and high-end phones. Of the 40 models that the company will be lining up for the domestic market, ten to twelve models will be 3G powered with a price tag of between INR 8,999 (US\$200.50) and INR 35,000 (US\$780.00). The company at present was enjoying an eight percent share of the Indian market, and expected this to surge to 10 percent in the current January-to-December financial year. The company would be adding four more 3G enabled variants to its LG Optimus series by March-April this year, besides looking at sub-INR 10,000 (US\$223) models in the near future. The company had earmarked INR 2.5 billion (US\$55.7 billion) towards above-the-line (ATL) and below-the-line (BTL) activities, including INR 1 billion (US\$22.2 million) for the ongoing ICC Cricket World Cup and retail development for the current financial year.

## China

### *Internet*

- **Sina and subsidiary of China Dongxiang signed agreements to acquire an aggregate of 29% of China's online platform operator for apparel and accessories Mecox Lane from two major shareholders of Mecox Lane, Maxpro Holdings and Ever Keen Holdings, both wholly-owned by Sequoia Capital.** Sina will purchase approximately 77 million ordinary shares or approximately 19 percent of the issued and outstanding shares of Mecox Lane, and DongXiang will purchase approximately 40.5 million ordinary shares or approximately 10 percent of the issued and outstanding shares of Mecox Lane. The selling shareholders will grant Sina and DongXiang options to acquire approximately 48.2 million ordinary shares and approximately 18.3 million ordinary shares of Mecox Lane, respectively. Upon the closing of share purchases, a representative from Sina will be appointed

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as a director of Mecox Lane and Kelvin Yu, a vice president with Sequoia will resign from the board. Each of Sina and DongXiang will be subject to a one-year lock-up with respect to the sale shares, starting from the closing date of the share purchases.

- **Sina's fourth-quarter net revenues amounted to US\$110 million.** Advertising revenues surged 30 percent year-over-year to US\$82.5 million, as non-advertising revenues decreased 21 percent to US\$27.5 million. Mobile VAS revenues for the fourth quarter declined to US\$21 million. The year over year decline in Mobile VAS revenues was primarily due to China Mobile implementing a series of measures in late 2009 and early 2010. Gross margin surged to 58 percent from 56 percent. The company moved to a net loss of US\$100 million from a net profit of US\$372.1 million. Sina's cash, cash equivalents and short-term investments totaled US\$882.8 million at the end of the period. Sina estimates that its non-GAAP net revenues for the first quarter will be between US\$93-96 million, with non-GAAP advertising revenues to be between US\$71-73 million and non-GAAP non-advertising revenues to be between US\$22-23 million.

### *Mobile/Wireless*

- **KongZhong's fourth quarter net profit surged 149 percent to US\$5.01 million.** Revenues reached US\$36.00 million, in line with guidance and surging 5 percent from US\$34.44 million in the year-ago quarter. Mobile VAS revenues were US\$20.78 million, mobile games revenues reached US\$13.93 million, and online games revenues were US\$2.96 million. KongZhong expects revenues for the first quarter to be in the range of US\$38.5 to \$39.5 million, comprising of US\$20.3 million in mobile VAS revenues, US\$13.5 million in mobile games revenues, and US\$5.2 million in online games revenues. Net profit is forecast at US\$2 to \$3 million.

### *Telecommunications*

- **Pacnet and the municipal government of Chongqing, China, have signed an MOU concerning the development of an international cloud computing hub in Chongqing.** According to the MOU, data centers will be built on nearly a third of the land that the government has designated as a cloud computing zone. The building of the data centers will be completed in three phases, with investment for the first phase tagged at RMB 1 billion (US\$150 million). One-fifth of this sum will be used for data center construction and cloud computing-related software and equipment. Pacnet Business Solutions, an equity sharing joint venture between Pacnet and Zhong Ren Telecom, will operate a data center with at least 1,500 racks to provide cloud computing services. Pacnet will also deliver capacity to the cloud computing zone through the EAC-C2C, Asia's largest privately-owned submarine cable network, and the EAC Pacific, both of which it owns and operates.
- **China Mobile has nominated Fan Yun Jun as the new CEO of China Mobile Pakistan (CMPak), the holding company for its first overseas venture, Zong.** Zong is the first international brand of China Mobile being launched in Pakistan.
- **China Mobile Ltd.'s biggest plan for this year is to list in mainland China.** The specific timing of a listing depends on regulators who are forming a plan for the country's so-called red chip companies to return to the mainland market, China Mobile Chairman Wang Jianzhou said. Red chips are companies that have most of their assets in mainland China, but are registered and listed overseas. China doesn't allow companies registered overseas to list their shares on the mainland's exchanges at present, though the government has said it will change this. The remarks come as red-chip companies, like China Mobile and Alibaba.com Ltd., have said they're considering mainland listings. China Mobile

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could list via A-shares, Chinese Depository Receipts or on an international board, Wang said on the sidelines of government meetings in Beijing.

- **The business volume of China's telecom industry surged 11.4 percent year on year in January to 86.99 billion yuan (US\$13.2 billion); and the main operating turnovers totaled 72.71 billion yuan (US\$11.1 billion), up 9.7 percent, said the Ministry of Industry and Information Technology (MIIT).** Revenues from mobile communications surged year on year by 13.9 percent to 49.67 billion yuan (US\$7.6 billion) in January, with the proportion in the industry's main operating turnovers climbing from 65.79 percent a year ago to 68.31 percent. Revenues from fixed-line communications surged 1.6 percent year on year to 23.04 billion yuan (US\$3.5 billion), with the proportion in the industry's main operating turnovers dwindling to 31.69 percent from 34.21 percent for the same period of 2010. The country's overall telephone users stood at 1.16 billion by the end of January, including 869.72 million mobile users and 51.74 million 3G mobile users. Total broadband internet users hit 128.07 million by the end of the month.
- **China's investment in LTE is set to double this year as the country's major telecommunication carriers move to upgrade services, according to a study by IHS iSuppli.** Capital spending for LTE this year is projected to reach US\$100 million this year, double the US\$50 million of 2010. It then will triple in size to US\$300 million in 2012, jump to US\$600 million in 2013 and then hit US\$1.3 billion by 2014. In comparison, combined capital expenditures will decline during the next three years for the older 2G and 3G mobile technologies that continue to operate throughout the country. China Mobile is seen to launch LTE this year. Already, China Mobile has joined with Verizon and Vodafone in a cooperative LTE trial. Equipment vendors participating in the trial include Alcatel-Lucent, Ericsson, Motorola, Nokia Siemens Networks and Nortel. The trial aims to deploy at least 100 base station sites in each of six cities, covering at least 100 million subscribers.

### *Media, Entertainment and Gaming*

- **Shanda Games generated net income of 366.6 million yuan (US\$55.8 million) for the fourth quarter of 2010, up 26.9 percent quarter-on-quarter but down 11.7 percent year-on-year.** Net revenues in the quarter surged 5.1 percent quarter-on-quarter but decreased 13.7 percent on an annual basis to 1.15 billion yuan (US\$174 million), with revenues from the company's MMORPGs climbing 7.1 percent sequentially but falling 17.0 percent annually to 1.04 billion yuan (US\$158 million). Average monthly revenue per active paying account (ARPU) surged 4.0 percent quarter-on-quarter to 36.7 yuan (US\$5.6). For the full year 2010, net revenues decreased 6.3 percent year-on-year to 4.50 billion yuan (US\$684 million), as net income was 1.29 billion yuan (US\$196 million).
- **Kingsoft will release five to seven new games in 2010, 17173.com reported.** The company will begin operation of 3D MMORPG Sheng Dao Chuan Qi in March, Da Hua Hong Lou, a 2D MMORPG adaptation of Chinese literary classic "Dream of Red Mansions" in the first half, as well as fantasy 2D MMO Rage in Heaven and an unnamed Q-style 3D martial arts MMO later this year, the report said. Kingsoft has also scheduled the launch of Rush Team, The Legend of Moon Online and New JX Online III for this year, according to the report.

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### *Alternative Energy*

- **JA Solar has signed a RMB 13.5 billion (US\$2.05 billion) strategic investment agreement with the municipal government of Hefei in Anhui Province to build a 3GW solar cell plant in the city.**
- **JinkoSolar had solar product shipments of 162.6MW in the fourth quarter of 2010, exceeding guidance of 130-140MW and representing 20.6 percent sequential growth or 65.9 percent year-on-year growth.** Total revenues surged 22.9 percent quarter-on-quarter and 156.9 percent year-on-year to 1.8 billion yuan (US\$274 million), as gross margin declined to 28.5 percent from a third quarter level of 33.5 percent but up from 16.2 percent in the year-ago period. Net income came to 368.3 million yuan (US\$56 million), up 41.9 percent quarter-on-quarter and 340.0 percent year-on-year, to record diluted earnings per ADS of 15.61 yuan (US\$2.36). The company had a net foreign exchange gain from foreign currency forward contracts worth 87.9 million yuan (US\$13.4 million) for the quarter, against a net FX loss in the prior quarter of 72 million yuan (US\$11 million).
- **Hanwha SolarOne expects fourth quarter net revenues of between US\$325 million and US\$330 million, on shipments of 220MW at an average selling price of US\$1.77/watt.** Hanwha SolarOne also announced first quarter 2011 shipment guidance of 235-245MW, with expectations of a slight decline in ASP on a sequential basis. The company will release complete fourth quarter results on March.

### *Hardware*

- **Noah Education, provider of interactive educational content and education services in China, had a net loss over the three months ended December 31 of 53.4 million yuan (US\$8.1 million).** Total net revenues for the second quarter decreased by 58.6 percent year-on-year to 64.2 million yuan (US\$9.7 million), as the company's electronic learning product (ELP) business contribution declined 71.1 percent year-on-year to 43.1 million yuan (US\$6.5 million). Net revenue from the education services business was 21.1 million yuan (US\$3.2 million), a surge of 264 percent year-on-year. Noah president, COO and founder, Benguo Tang, has made a preliminary offer to acquire ELP business and operating assets for between 90 million yuan (US\$14 million) and 120 million yuan (US\$18.2 million), submitting his notice of resignation in connection with the offer, effective immediately.

## Hong Kong

### *Telecommunications*

- **Hutchison and SmarTone emerged victorious from a 3G spectrum auction in Hong Kong, paying a combined HK\$1.9 billion (US\$243 million) for 20MHz of spectrum.** The pair beat off competition from three other mobile operators and one fixed carrier to win the paired spectrum in the 850 and 900MHz bands, following four days of bidding. SmarTone bid HK\$875 million (US\$112.4 million) for half the available spectrum, and Hutchison HK\$1.077 billion (US\$138 million) for the remainder. Ofta claims the auction of additional spectrum is necessary to match booming demand for mobile data in the city. Usage surged 189 percent year-on-year to 1.8TB in December. The additional spectrum will allow SmarTone and Hutchison to meet that surging demand by expanding their network capacity, and in turn surge the overall mobile market in Hong Kong. The operators will be granted 15 year licenses for the spectrum, and be required to cover 50 percent of the population within five years.

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- **Telstra and PCCW have revealed that they have completed the restructure of their subsea cable joint venture, Reach.** The operators have divided up the international assets owned by the 50/50 JV, leaving the remaining assets to be managed by Reach in Hong Kong. The restructure has given Telstra's international division direct control of subsea cable assets including the Reach North Asia Loop. The company has also acquired control over more global backhaul systems and POPs, extra satellite and PSTN capacity and a Global Roaming Exchange platform. Telstra International executive director of global sales Philip Mottram said the deal will allow Telstra International to achieve operational efficiencies, including by migrating the Reach international voice network to IP.
- **SmarTone said it nearly tripled its December-half profit to HK\$321 million (US\$41.2 million), on accelerating service revenue and device sales growth.** Revenue surged 52 percent to HK\$2.75 billion (US\$353 million). Service revenue surged 29 percent to HK\$2.1 billion (US\$269 million), as device sales surged 307 percent to HK\$614 million (US\$79 million). The company's Hong Kong customer base surged 17 percent, despite what the company called a very competitive market. Blended ARPU from the region surged 12 percent to HK\$241 (US\$31). SmarTone's Macau operations swung to an operating profit of HK\$16 million (US\$2.05 million). Revenue surged 18 percent, but EBITDA declined 32 percent on rising operating expenses.

### Singapore/Malaysia/Philippines/Indonesia/India/Australia

#### *Telecommunications*

- **Singapore Telecommunication Ltd has raised US\$600 million through a 10.5-year note issue that will be used for general corporate purposes and repayment of debt.** SingTel said the note issue met with strong response from a wide range of high-quality investors and the order book closed after registering US\$1.8 billion of interest. It was oversubscribed by at least three times. The US dollar-denominated notes will carry an annual coupon of 4.5 percent per year and form part of a long-term financing strategy that extends the debt maturity profile of SingTel and its subsidiaries.
- **Ascend Telecom announced the merger of India Telecom Infra Limited (ITIL) with itself to create an entity with 4,000 towers spread across the country.** "The merger will create one of India's strongest independent telecom tower operators with a nationwide footprint, approximately 4,000 towers and an average tenancy ratio of 1.6x," a release issued by private equity fund, New Silk Route, which owns Ascend Telecom, said. ITIL is jointly owned by Infrastructure Leasing and Financial Services (IL&FS) and south-based TVS group's TVS Interconnect Systems. Finer details of the transaction, including the value, were not disclosed.
- **Indian Telecom Minister Kapil Sibal is in favor of the Comptroller and Auditor General's (CAG) proposal to conduct an audit of the total available spectrum in the country with a focus on how much was allocated to private operators from 2000 onward and at what cost.** CAG has sought details from the Department of Telecom (DoT) on the total available spectrum in the country and how much has been allocated to private telecom operators from 2000 onward and at what value. The DoT is also conducting a study on the availability of spectrum and the quantum of allocations made till date to various operators and government agencies. Referring to the tussle between operators on spectrum allocation, Sibal was of the view that instead of exchanging heated words, the telecoms should instead work together for further growth of the sector.

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- **The Indian government expects to raise about INR 150 billion (US\$3.33 billion) from the sale of airwaves in 2011-12, budget documents submitted by finance minister Pranab Mukherjee to Parliament reveal.** The government had budgeted INR 350 billion (US\$7.8 billion) from the auction of 3G and broadband wireless spectrum but the sale process fetched INR 1.08 trillion (US\$24 billion), three times at least the estimates. Finance secretary Sushma Nath said that inter ministerial panel will decide whether India will auction more telecommunications spectrum in 2011/12. The budget documents say the government sees to raise a total of INR 296.48 billion (US\$6.6 billion) from the telecommunications sector, off these, as per industry estimates, recurring license fees and other usage charges from the telecommunications sector is seen to account for about INR 140 billion (US\$3.1 billion). This implies the remaining INR 150 billion (US\$3.3 billion) will come from spectrum auctions.
- **Aircel will be investing INR 4 billion (US\$88.9 million) in Andhra Pradesh for 2G and 3G network enhancement in the next two years.** Chief operating officer Gurdeep Singh said that their commitment to the Indian market is underlined by the investment of US\$8 billion that has already been made and a further US\$3 billion that they plan to spend in the next three years. Aircel will also be introducing the Huawei Ideos phone, powered by Google's Android 2.2 platform, in the state. Aircel will be launching its mobile banking service in partnership with ICICI Bank in the next 60 days. The company had tied up with ICICI last month to jointly initiate a financial inclusion program. Through the tie-up, Aircel will offer services including bank accounts and credit products. Aircel has also launched its 3G service in the Kerala market, with hopes that 10 percent of its customer base in the state will switch over to the system.
- **Bharat Sanchar Nigam Ltd. has given equipment supply contracts worth a total INR680.53 million (US\$15.2 million) to four companies.** BSNL gave a contract worth INR68.3 million (US\$1.5 million) to Nokia Siemens Networks, a joint venture between Nokia Corp. and Siemens AG., to supply telecom equipment for its mobile number portability service. The mobile number portability service allows a cellphone user to switch service providers without having to change the number. The company gave a contract worth INR22 million (US\$490, 743) to Alcatel-Lucent India Pvt. Ltd. to acquire telecommunication equipment, the document showed. BSNL, which provides telecommunication services in 20 of the country's 22 service areas, gave two other contracts to Prithvi Information Solutions Ltd. and Tamilnadu Telecommunications Ltd. for INR82.23 million (US\$1.8 million) and INR508 million (US\$11.3 million), respectively. Prithvi Information Solutions will supply wireless broadband dongles to the company, as Tamilnadu Telecommunications will provide optical-fiber cables, the document showed.
- **S.C. Misra is named as interim chairman and managing director of Bharat Sanchar Nigam Ltd.** Misra will hold the position for the next three months, or until a formal chairman is identified.
- **Bharti Airtel has revealed that it has commenced the rollout of 3G services to north India.** The company released 3G in the city of Jaipur, and will roll out across all major cities in the state of Rajasthan in the coming weeks. Bharti Airtel president of mobile services Atul Bindal said the operator had released 3G services in seven cities to date since its initial launch in the state of Karnataka on January 25. The operator said it intends to be operational across all 13 of the circles it has 3G spectrum in by March. Bharti paid 122.95 billion rupees (US\$2.7 billion) for 3G spectrum during last year's auction. The operator ended 2010 with nearly 150 million mobile customers, making it India's largest by market share.

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- **The Indian government has collected over INR 300 crore (US\$67 million) in penalties from new telecom service providers that failed to roll-out their networks within the stipulated timeframe after getting licenses and spectrum.** The DoT had issued 119 notices to new telecom operators for missing their network roll-out obligations last month and imposed hefty penalties on them. As per the conditions of the licenses, the licensees were required to roll-out their services in 90 percent of service areas in metros and 10 percent in district headquarters within 12 months (52 weeks) from the date of award of license. The operators were supposed to pay the penalty for missing roll-out obligations within 15 days of the notice, but some of these companies had moved the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) over the DoT's move.
- **The capital expenditures of PT Telkom and its subsidiaries are set at INR 151 trillion (US\$17 billion) for the 2011-2015 period.** 2011 capital spending is set at INR 27.04 trillion (US\$3 billion), said Eddy Kurnia, head of corporate communications of the state company. The capital spending will increase from year to year to peak at INR 33.2 trillion (US\$3.7 billion) in 2015. The plan was sanctioned by the government in a recent meeting on state-owned companies. Telkom will use internal fund and bank loan for spending this year.
- **Philippine Long Distance Telephone's (PLDT) net income rise marginally in the full year 2010.** Net income surged 1 percent to PHP 40.2 billion (US\$929 million). Core net income went up 2 percent to PHP 42 billion (US\$971 million). Overall consolidated service revenues decreased by 2 percent to PHP 142.2 billion (US\$3.3 billion). However, fixed and wired broadband revenues surged 16 percent, mobile voice revenues went up 9 percent, and revenues from fixed data and other network services to third parties went up 16 percent. Consolidated EBITDA was lower at PHP 83.7 billion (US\$1.9 billion) as EBITDA margin was flat at 59 percent. PLDT's capex in 2010 was PHP 28.8 billion (US\$666 million). For the two-year period of 2011-2012, the company expects capex to reach PHP 67 billion (US\$1.5 billion) as it is investing in its fixed, mobile, and wireless networks. Mobile revenues reached PHP 93.8 billion (US\$2.2 billion). Excluding the impact of satellite operations and the peso appreciation, mobile service revenues would have been stable year-on-year. Mobile EBITDA for 2010 declined 1 percent to PHP 58.9 billion (US\$1.4 billion) but EBITDA margin improved to 63 percent. Mobile voice revenues went up 9 percent to PHP 42.3 billion (US\$978 million) and constitute 49 percent of total mobile revenues. Mobile data and text revenues dropped 12 percent to PHP 41.5 billion (US\$959 million), despite a 19 percent increase in text volumes. Fixed line service revenues decreased by 5 percent to PHP 48.6 billion (US\$1.1 billion) in 2010 as the strong peso impacted the business unfavourably. The group's ICT business had service revenues of PHP 10.7 billion (US\$247 million) in 2010, a decline of 2 percent from 2009.
- **MediaQuest Holdings Inc. is not keen on participating in the government's plan to privatize two free-to-air television stations, PLDT Chairman Manuel Pangilinan said.** The government is looking to sell its RPN 9 and IBC 13 free-to-air television stations which were sequestered by the government in 1986 as part of the ill-gotten wealth of former President Ferdinand Marcos and his allies. PLDT, in the past, has expressed interest in those channels. In 2009, however, MediaQuest acquired free-to-air network TV 5. TV 5 is spending heavily to expand its reach and build up its program line up in order to compete on equal footing with listed ABS-CBN Corp. and GMA Network Inc.

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- **Philippine mobile operators are asking the government for more spectrum to surge their mobile broadband services.** The call to the government follows a rejection by the regulator to allow operators to cap data volumes. Consumer groups wrote an open letter to Philippine President Aquino arguing they need additional frequencies to be able to deliver improved broadband services. The National Telecommunications Commission (NTC) has re-allocated 2300 MHz and 2500 MHz spectrum for mobile broadband but both frequency bands have been used up, NTC commissioner Edgardo Cabarios said. There is also no more available spectrum in the 2100 MHz band. Operators have been asking for the re-allocation of the 700 MHz band but the NTC has yet to respond to this request.
- **Maxis Bhd.'s fourth quarter net profit surged marginally to MYR610 million (US\$200 million) after a 3 percent rise in its subscriber base, but warned that competition could affect margins going forward.** Revenue for the three month period ended Dec. 31 was higher at MYR2.31 billion (US\$762 million). The company had a net profit of MYR503 million (US\$166 million) and revenue of MYR2.21 billion (US\$729 million) in the year-earlier quarter, but the results aren't comparable for accounting reasons as the previous year's numbers reflected the company's business structure prior to its listing in November 2009. For the full year, Maxis said net profit was MYR2.30 billion (US\$759 million) on revenue of MYR8.87 billion (US\$2.9 billion). On a pro-forma basis, the company's net profit surged 3 percent from a year earlier, as revenue also surged by 3 percent.
- **Telekom Malaysia said its full-year profit surged 87.6 percent in 2010 to MYR 1.21 billion (US\$395.25 million).** The firm said profits had been bolstered by higher revenue, tighter cost management and favorable foreign exchange rates. TM had a 15.4 percent improvement in data revenue to MYR 1.75 billion (US\$578 million), due to higher demand for data in the country. Internet revenue for the year had surged 5.9 percent to MYR 1.65 billion (US\$545 million). The firm had net additions of 249,000 for its internet services last year, up from 151,000 in 2009. TM's high-speed triple-play broadband service, dubbed UniFi, signed up 33,000 customers last year since its launch in March 2010. Voice revenue had declined to MYR 3.86 billion (US\$1.3 billion).
- **PT Indosat's 2010 net profit declined 57 percent to IDR647.2 billion (US\$74 million) due to lower gains from foreign exchange, higher financing costs and a surge in depreciation and amortization expenses.** Revenue for the January-to-December period surged 5.2 percent to IDR19.80 trillion (US\$2.2 billion), due to a surge in its subscribers base. Indosat is 55.79 percent owned by Qatar Telecom (Qtel Asia) Pte. Ltd.
- **Thailand's upcoming telecommunications regulator could hold a 3G license auction around the end of this year.** The National Broadcasting and Telecommunications Commission (NBTC), which does not have a board yet, is drafting five-year master plans which are seen to be finished in May. The implementation of the plans would start within three months of the new eleven-member NBTC board taking office, the Bangkok Post reports citing Natee Sukolrat, a deputy head of the acting NBTC. The new regulator could begin the 3G auction for 2.1 GHz spectrum licenses by the end of the year. The master plan will also include broadband internet goals such as ensuring 10 Mbps internet services for residents in rural areas, covering at least 50 percent of the population and ensuring 100 Mbps internet services for urban residents, covering at least 15 percent of Thailand's population. Nationwide, everyone should have access to speeds of at least 2 Mbps over the next five years.

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- **Thailand mobile phone and accessories distributor TWZ said its net income drop in 2010 but sales income surged almost 9 percent.** Sales and services income totaled THB 3.87 billion (US\$127 million), up 8.81 percent due to increases in the sales of mobile phones, Sim cards, cash cards and accessories. Sales of TWZ's own-branded phone surged. Gross profit was THB 359.28 million (US\$12 million). The company also saw its income from sales promotions drop 55.19 percent to THB 38.59 million (US\$1.3 million) as in 2009 the company received sales promotion income from Samsung Electronics Thailand from the settlement of a dispute between Samsung and a TWZ subsidiary. TWZ had a net profit of THB 101.39 million (US\$3.3 million).
- **GTA TeleGuam will invest about US\$10 million during 2011 to expand and improve its integrated communications networks for wireless, digital television, broadband Internet access and basic phone services in Guam.** GTA TeleGuam's latest investment brings to at least US\$90 million the amount of money it has pumped back into the island's communications infrastructure since the company was privatized in January 2005.

### *Media, Gaming and Entertainment*

- **Australia's Consolidated Media CEO James Packer is replaced by Seven Network executive James Warburton on the board of Ten Network Holdings, effective immediately.** Mr. Warburton will receive A\$2.2 million (US\$2.22 million) in fixed remuneration as Ten CEO, with up to 50 percent performance bonus. Mr. Packer cooperated with the Ten board only on November 9, 2010, along with Lachlan Murdoch, after Mr. Packer acquired around 18 percent of the company. Mr. Packer and Mr. Murdoch each holds 17.88 percent of Ten. Western Australia-based mining figure, Gina Rinehart, joined the board as it acquired a substantial holding in Ten with 5.39 percent, through HPPL Group.

## United States/Canada

### *Mobile/Wireless*

- **TiVo Inc. posted a wider fiscal-fourth-quarter loss as revenue and margins dropped and operating expenses rose at the digital-video recording company.** Service revenues declined to US\$34.45 million from, as technology revenues slightly increased to US\$6.92 million from 8.82 million. Hardware revenues plunged to US\$14.43 million. The adjusted EBITDA loss amounted to 25.77million from a loss of 2.99 million, as the net loss widened to US\$34.4 million or a loss per share at US\$0.30. Cash and cash equivalents amounted to US\$71.22 million at the end of Q4. TiVo also saw further erosion in its subscriber base. In the most-recent quarter, the company lost 223,000 subscribers, compared with 131,000 lost a year earlier. Its total customer base is 21% smaller than it was a year earlier and stands at about two million. TiVo's subscriber acquisition costs grew 42%. Monthly churn, or the cancellation rate, was 3% for TiVo-owned subscribers, up from 2.6% a year earlier. For the first quarter of fiscal 2012, TiVo anticipates service and technology revenues at US\$36-38 million, a net loss at US\$35-37 million, and an adjusted EBITDA loss at 25-27 million.

### *Internet*

- **Facebook acquired Beluga, a startup founded by former Google Inc. employees that allows users to send group messages to family or friends.** Beluga's free iPhone and Android mobile applications allow users to share updates and photos with family and friends.

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### *Semiconductors*

- **Texas Instruments Inc. Chairman and Chief Executive Rich Templeton said he expects an inventory correction for the semiconductor sector will be short-lived.** TI makes chips used in everything from cellphones to industrial equipment. There has been weaker consumer demand for personal computers and televisions over the past few quarters, and industrial demand has slowed to more normal growth levels after a sharp rebound following the recession. But TI is bullish the correction won't be as bad as earlier slowdowns. Regarding the announcement earlier this year that Texas Instruments will collaborate with Microsoft Corp. for bringing Windows to mobile devices, Templeton said he remains focused on mobile business because of its vast potential.
- **Qualcomm Inc.'s chief financial officer said operating margins for its chipsets should moderate to the mid-20 percent range over the next few years as the semiconductor maker ramps up new technology.** Qualcomm has high chipset margins in recent quarters, including 30 percent in the fiscal first quarter, but in January reiterated expectations for fiscal-year chipset operating margins of 22 percent to 24 percent, with a substantial decline from the first fiscal quarter to the second. Chief Financial Officer Bill Keitel attributed the slide to the decision to help drive the mass-market smartphone arena, viewed as a potentially large market, through very competitive prices for its technology. The company has benefited from its high exposure to the sweet spot for consumers, specifically smartphones and other mobile devices. Research and development this year should equal about 17 percent of revenue, a level he said the company hasn't seen for several years. The company had been devoting more of its resources to R&D to help enable new technologies like the Microsoft Corp. Windows Phone 7.

### *Hardware*

- **Boxee has raised US\$16.5 million from new investors Pitango and Softbank and existing investors General Catalyst, Spark Capital and Union Square Ventures.** Isaac Hillel from Pitango will join the Boxee board. The company last raised US\$6 million 18 months ago, and has since then nearly tripled its staff numbers and launched the Boxee Box. The new financing will be used to invest in development, add content to the Boxee Box and find more hardware partners. Boxee is a cross-platform freeware HTPC (Home Theater PC) software application with a 10-foot user interface and social networking features designed for the living-room TV. Marketed as the first ever Social Media Center, Boxee enables its users to view, rate and recommend content to their friends through many social network services and interactive media related features.

### *Software*

- **Communications software and solutions provider Mitel announced revenues for the fiscal third quarter ended 31 January declined to US\$162 million.** Telecommunications revenue declined to US\$141.9 million, as network services revenue surged to US\$20.1 million. Gross margin declined to US\$77.3 million. The company moved to a net loss of US\$4 million from a net profit of US\$33.2 million. Adjusted EBITDA declined to US\$17.6 million. Cash and cash equivalents amounted to US\$90.7 million at the end of the period. For fiscal Q4, Mitel expects revenue in the range of US\$160-165 million. Gross margin is expected to be in the range of 47.8- 48.2 percent.

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### *Telecommunications*

- **Primus Telecommunications Group has completed its acquisition of global communications exchange service provider Arbinet.** Pursuant to the definitive merger agreement, it is anticipated that Arbinet stockholders will receive approximately 0.5817 shares of Primus common stock for each share of Arbinet common stock that they hold. Arbinet stockholders own approximately 25 percent of the outstanding shares of Primus common stock. Peter D Aquino, chairman, president and chief executive officer, stated that the combination of Primus' International Carrier Services group with Arbinet's thexchange creates a unit with over US\$500 million in annual revenue. The company anticipates accretive cost synergies of approximately US\$3 million this year and approximately US\$7 million in 2012.
- **Wi-LAN Inc.'s revenue and adjusted earnings came in ahead of year-earlier levels and in line with the company's most recent guidance.** The Ottawa patent-licensing company has signed a spate of license agreements recently and said last month that it sees those deals to surge earnings dramatically in the coming years. For 2010, the company had revenue of C\$50.7 million (US\$52 million), up 43 percent from a year earlier, and adjusted earnings of C\$5 million (US\$5.1 million). The results met its most recent guidance. Net loss for 2010 totaled C\$22.1 million (US\$23 million). Wi-LAN issued bullish guidance, which it backed in its latest release. It sees that annual revenue will about double to US\$110 million to US\$115 million in 2011. Adjusted earnings are seen jumping to US\$75 million to US\$80 million.

## Europe

### *Telecommunications*

- **Thirty-one percent of all mobile phone users in Turkey are subscribers of 3G services.** According to Information and Communication Technologies Authority (BTK), the number of 3G subscribers in Turkey surpassed the European average which stands at 30 percent. In the first quarter of 2010, the number of 3G subscribers in Turkey reached 8.7 million. However, this figure jumped to 19.4 million in the fourth quarter of 2010. With a monthly average of 225.3 minutes of mobile phone conversations, Turkey ranked third in Europe in 2010. International Mobile Telecommunications-2000 (IMT - 2000), better known as 3G or 3rd Generation, is a generation of standards for mobile phones and mobile telecommunications services fulfilling specifications by the International Telecommunication Union. Application services include wide-area wireless voice telephone, mobile Internet access, video calls and mobile TV, all in a mobile environment.
- **Hellenic Telecommunications Organization SA (OTE) aims to cut operating costs by EUR300 million (US\$421 million) as the group struggles with flagging revenues in its fixed-line division.** OTE's management is eyeing cost cutting measures in all areas of the company, including possible layoffs in Greece and abroad. The report comes just days after OTE had EUR32 million (US\$45 million) in cost-cutting measures and layoff 120 employees at its Cosmote mobile operations. OTE had fourth-quarter net loss of EUR91.7 million (US\$128 million) on a special pensions charge and a write-down of its RomTelecom assets, as both its mobile and fixed-line revenue continued to sag with Greece's ongoing recession. OTE may soon announce further layoffs at its Germanos retail network and at its troubled RomTelecom subsidiary.
- **Vivendi SA said adjusted profit should surge slightly in 2011 as strong growth at its Brazilian telecoms unit GVT offset surged competitive pressure on French telecoms operator SFR. 2011 guidance was for adjusted profit excluding NBCU.** CEO Levy reiterated Vivendi refused to rule

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out the possibility that Vivendi could reach a deal with media group Lagardere SCA regarding its stake in Canal Plus France. Lagardere controls 20 percent stake in the unit and started an initial public offering process last month. Vivendi has cut provisions it had made for potential damages in a U.S. class action to EUR100 million (US\$139 million). In the three months ended Dec. 31, net profit totaled EUR559 million (US\$782 million), as revenue surged 5.3 percent to EUR8.01 billion (US\$11.2 billion), above analysts' views. Adjusted EBIT, a closely watched figure that excludes charges relating to acquisitions and mergers, declined 7.8 percent to EUR1.06 billion (US\$1.5 billion).

- **France Telecom's former chief executive and chairman, Didier Lombard, will leave the company, a year after he resigned as CEO in the wake of a social crisis at the firm following a series of employee suicides.**
- **The Swedish Post and Telecom Agency (PTS) has raised SEK 2.05 billion (US\$323.7 million) from an auction of telecoms frequency blocks, enabling operators to expand their next generation of services.** HI3G Access AB, TeliaSonera AB and Net4Mobility AB, a joint venture between Tele2 AB and Telenor ASA, all secured licenses to expand their 4G, or 4G, networks in Sweden, PTS said. The auction was conducted via the Internet and ended after five days and 31 rounds of bidding. The three companies have gained licenses in the 800 megahertz frequency band, which are valid until 2035. HI3G Access AB paid SEK431 million (US\$68 million), Net4Mobility AB paid a total of SEK769 million (US\$121 million), as TeliaSonera Mobile Networks AB paid SEK854 million (US\$134 million).

### *Mobile/ Wireless*

- **Sony Ericsson is open to partnerships such as joint ventures in China's gaming industry and will sell its new cellphone and videogame device, Xperia Play, in the country, Chief Executive Bert Nordberg said.** The company will need at least three months to make preparations, such as expanding the games available from Chinese developers, before launching the device in China. Sony Ericsson, a 50-50 joint venture between Sony Corp. and Telefon AB L.M. Ericsson, has struggled in recent years with losses and falling market share in the competitive smartphone space. It is focusing on higher-end devices running Google's Android operating system, such as the Xperia Play, in a bid to improve its margins and raise its share of global market revenue. The company unveiled Xperia Play at the Mobile World Congress show in Barcelona last month. Xperia Play, a crossover of the popular PlayStation Portable gaming console and a cellphone, is the first attempt in years by a major manufacturer to combine cellphone and full gaming capabilities in the same product.
- **Nokia Corp. said it is moving to capitalize on growing demand for feature phones in emerging markets by investing an initial EUR200 million (US\$279 million) in a new manufacturing site in Vietnam.** The site will add to the company's existing 10 major manufacturing facilities globally as further sizeable investments at the Vietnam site are expected. The move comes after last month's announcement that it will adopt Microsoft software for its smartphones as aiming to capture volume growth by introducing developing markets to mobile internet use.
- **The Dutch mobile industry generated EUR6.28 billion (US\$ million) in service revenue in 2010, 0.5 percent less than a year ago, Telecompaper said.** A fierce drop in voice revenue couldn't be fully offset by the growth in non-voice revenue from services such as text messages and data. Non-voice services now contribute over 32 percent of total service revenue, Telecompaper also said.

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### South Africa/Middle East/Latin America

#### *Telecommunications*

- **Qatar Telecom (Qtel) had full-year revenue up 13.1 percent to QAR 27.2 billion (US\$7.5 billion) in 2010, due to the expansion in the customer base to 74.1 million from 60.4 million in 2009.** Net profit surged by 21.3 percent to QAR 3.38 billion (US\$928 million). Key highlights of the year include the roll-out of FTTH in Qatar, the successful implementation of a value-driven strategy by Indosat in Indonesia, strong revenue growth in Algeria leading to a first annual net profit for Nedjma, the successful defence of market leadership position in Tunisia, the launch of fixed line and home broadband services by Nawras in Oman and continued subscriber growth for Asiacell in Iraq. The group released IPOs in Oman and Palestine and saw strong support for a 10-year bond for Indosat and for the Qtel Group's bond sale. Qtel had a subscriber base unchanged at 2.4 million and revenues declined to QAR 5.4 billion (US\$1.5 billion). EBITDA was hurt by surged competition and declined to QAR 2.9 billion (US\$796 million).
- **Zain had its 2010 net profit surged as the company added new subscribers, and will double its net profit by 2014.** The company, the subject of a near US\$12 billion takeover offer by Etisalat said its net profit excluding a capital gain from selling its African assets surged to KWD 293 million (US\$1.02 billion). Net profit stood at KWD1.06 billion (US\$3.8 billion), including a capital gain of KWD770.3 million (US\$2773 million) from the sale of Zain Africa assets on June 8, 2010. The company targets organic growth and at least doubling its net profit by 2014. Zain said 2010 revenue reached KWD1.4 billion (US\$5.04 billion).
- **Tele Norte Leste Participacoes SA had a net profit of BRL284 million (US\$172 million) and net revenue of BRL7.3 billion (US\$4.4 billion) in the fourth quarter.** In the year ago period, the company had a net loss due to nonrecurring provisions of BRL1.29 billion (US\$779 million) related to legal action against Brasil Telecom, a rival operator it acquired in 2008. Ebitda surged slightly to BRL2.27 billion (US\$1.4 billion). Fixed-line customers declined to 20.02 million. Fixed-line broadband customers surged to 4.35 million, as and mobile customers were up to 39.3 million. The company had a net profit of BRL1.75 billion (US\$1.06 billion). Tele Norte Leste had net debt decline to BRL18.7 billion (US\$11.3 billion) at the end of the fourth-quarter.
- **Kuwait's National Investments Company (NIC), a company owned by Zain shareholder Kharafi Group, said that a planned deal by Etisalat to acquire a 46 percent stake in Zain was off after the end-February deadline to complete due diligence expired.** NIC has been leading the negotiations with Etisalat and made the statement to the Kuwait stock market, Reuters cites. The deal was already in question after Zain rejected bids for its stake in Zain Saudi Arabia. A sale of the Saudi stake was needed for regulatory clearance of the transaction, as Etisalat is already active on the Saudi mobile market through the operator Mobily.

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### Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 3/4/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	82.2600	0.7%	0.8%	1.4%	-11.5%
Hong Kong dollar	HK\$/ US\$	7.7859	-0.1%	0.0%	0.2%	0.4%
Chinese renmenbi	RMB/ US\$	6.5670	-0.1%	0.2%	-0.3%	-3.8%
Singapore dollar	S\$/ US\$	1.2659	-0.5%	-0.6%	-1.3%	-9.9%
South Korean won	KRW/ US\$	1,117.5000	-0.8%	0.4%	-0.3%	-4.0%
New Taiwan dollar	NT\$/ US\$	29.3800	-1.2%	1.2%	0.7%	-8.0%
Australian dollar	US\$/A\$	1.0138	-0.3%	-0.2%	-0.6%	13.0%
New Zealand dollar	US\$/NZ\$	0.7382	-1.7%	-4.5%	-5.2%	1.9%
Philippine peso	PHP/ US\$	43.2500	-1.1%	-1.2%	-0.9%	-6.9%
Euro	US\$/€	1.3979	1.7%	2.6%	4.5%	-2.4%
British pound	US\$/£	1.6273	1.0%	0.8%	4.3%	0.7%

### Fixed Income Prices and Yields

Note	Currency	Current (on 3/4/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.47	4.60%	104.08	4.50%	93.34	4.66%
Japan 30-year	¥	96.28	2.21%	97.41	2.14%	97.39	2.14%
Hong Kong 10-year	HK\$	95.14	3.04%	95.41	2.94%	95.08	2.91%
China (06/16)	US\$	104.96	3.64%	104.84	3.67%	105.02	3.65%
Singapore 10-year	S\$	105.30	2.62%	105.43	2.60%	105.30	2.62%
South Korea 20-year	KRW	10,023.55	4.82%	10,035.68	4.80%	9,974.38	4.83%
Australia 15-year	A\$	101.04	5.62%	101.40	5.58%	100.15	5.73%
New Zealand (12/17)	NZ\$	102.75	5.61%	103.50	5.52%	103.71	5.49%
Philippines 20-year	PHP	125.47	8.56%	125.25	8.59%	125.57	8.56%
India 30-year	INR	98.25	8.46%	97.40	8.54%	97.25	8.56%
UK 30-year	£	97.96	4.38%	97.62	4.39%	95.87	4.51%
Germany 30-year	€	118.34	3.70%	120.62	3.61%	119.08	3.68%

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