



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

***Week of 21 March 2011 - March 27 2011***

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# IRG Technology, Media and Telecommunications Weekly Market Review



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Equity Market Indicators					
Index	Closing Level (3/25/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,313.80	2.7%	0.6%	4.5%	17.8%
Dow Jones Industrial Avg.	12,220.59	3.1%	1.3%	5.6%	17.2%
Dow Jones Tech. Index	458.52	4.1%	-1.0%	1.8%	13.9%
Dow Jones Telecom. Index	243.01	3.5%	2.6%	3.6%	10.7%
NASDAQ Composite	2,743.06	3.8%	0.2%	3.4%	20.9%
Japan Nikkei 225	9,536.13	3.6%	-8.8%	-6.8%	-9.6%
JASDAQ	51.76	4.2%	-4.4%	-1.0%	7.0%
Japan Mothers	448.59	2.5%	-5.8%	3.4%	7.8%
Korea KOSPI Composite	2,054.04	3.7%	5.3%	0.1%	22.1%
Korea Kosdaq	514.57	4.0%	2.7%	0.8%	0.2%
Taiwan Stock Exchange	8,610.39	2.6%	0.8%	-4.0%	5.2%
Singapore Straight Times	3,582.03	5.1%	1.9%	-8.3%	19.7%
Hong Kong Hang Seng	23,158.67	3.8%	2.5%	0.5%	5.9%
Hong Kong GEM	769.50	5.6%	7.1%	-5.1%	13.7%
China Shanghai (A-Share)	3,118.04	2.4%	3.4%	6.0%	-9.3%
China Shenzhen (A-Share)	1,369.31	1.2%	2.2%	1.3%	8.6%
China Shanghai (B-Share)	321.47	1.8%	2.9%	5.6%	27.4%
China Shenzhen (B-Share)	832.16	2.8%	1.0%	0.9%	32.9%

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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
3/22/11	Sequans Communications S.A. [NYSE : SQNS]	Communications	110.0	Fabless designer, developer and supplier of 4G semiconductor solutions	UBS Investment Bank, / Jefferies / Baird / Needham & Company / Natixis	NA

## NASDAQ/NYSE Equity Markets: TMT IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Priced on 3/25/11	% Change From Offer
3/24/11	ServiceSource International [NASDAQ: SREV]	Provides a service revenue management and renewals platform for tech firms	111.0	10.00	12.18	21.80%

## 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

##### *Mobile/ Wireless*

- **Asia Pacific will take over Europe off the top spot in terms of broadband and IPTV subscribers during 2011, with China and India powering the region ahead, figures from the Broadband Forum show.** The data, released at the IPTV World Forum in London, places China at the top of the rankings for total broadband subscriber numbers and net additions for 2010, and suggests India could break the top ten countries in terms of user growth during 2011. Europe's position at the top of IPTV subscriber lists is also in jeopardy as growth slowed during 2010 due to market maturity in countries including France and Belgium. By contrast, Asia Pacific recorded growth of 50% year-on-year, and is tipped by the Forum to become the leading region during 2011. The Middle East and Africa saw higher growth of 63.5% over the year, but the Forum notes it had a lower starting point. Despite the slowdown, France remains the world's leading IPTV nation, with subscriber numbers passing ten million during 2010. The Forum predicts China will overtake France during 1H11.

##### *Mobile/ Wireless*

- **According to Point Topic, the number of IPTV subscribers worldwide rocketed in 2010, with the strongest growth rates coming from the Middle East and Africa.** Europe continues to lead the way in terms of absolute customer numbers, but Asia is poised to take its crown in the coming months. There were 45.36 million IPTV customers in the world at the end of last year, up 34.65 percent on-year. Europe accounted for 20.72 million, having seen connections surge by almost 25 percent over 12 months. Asia had a growth rate of 51.01 percent having taken its connections to 16.37 million. Asia's leading market is China (including Hong Kong and Macau), which ranked as the world's second-largest IPTV market by connections at the start of the year, behind perennial global leader France.
- **KPMG said that global market for mobile payments will exceed US\$1 trillion by 2014.** The report further states that the Asia Pacific region will lead the way with the volume of credit card transactions to exceed the US within the next two years. Merchants are worried if Asia Pacific companies are properly gearing themselves for the expected boom with the right software technology and investment necessary to take part in the growing demand for mobile payments/
- **A record of 196 million new mobile users were added in the last quarter of 2010, according to TeleGeography.** More customers signed on than in any quarter since Q4 2007, indicating that constraints on growth resulting from the global recession were finally beginning to lift. Customer growth is still being driven by Asia and other developing economies. Growth was particularly accelerating in India during the quarter, where the nation's operators added 63 million customers at least the total customer base of France, Spain or South Korea.

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### Japan

#### *Hardware*

- **Sony Corp. shut five more plants and Toyota Motor Corp. extended production halts, 11 days after an earthquake and tsunami brought scores of Japanese factories to a standstill and threatened to spark a recession. Sony suspended some work at five plants in the central and southern regions until March 31 because of trouble getting supplies after power outages.** Toyota said all domestic car-assembly will be stopped until March 26, as Honda Motor Co. also extended closures. Morgan Stanley estimated that damage to the earthquake-stricken northeast, including disruptions to power and distribution systems, may cause the world's third- largest economy to shrink in the second quarter at an annualized rate of 6 percent to 12 percent.

#### *Mobile/Wireless*

- **Huawei has sent its first shipment of equipment to aid in wireless infrastructure repairs to quake-struck Japan. According to China Daily, Jessie Pan, a spokeswoman for Huawei said** that the company's technical staff was also helping its customers with cellular network restoration in the country. NTT Docomo had had some 6,720 sites damaged on 12 March, but had reduced the number to 2,130 on 15 March. The same period saw KDDI restore 2,300 of the 3,800 sites that were damaged. According to the country's telecommunications ministry Thursday, 1,896 NTT Docomo base stations remained out of service, while 707 KDDI base stations were not transmitting. Neither NTT Docomo nor KDDI have confirmed Huawei as their equipment vendor. Huawei is however a supplier of HSPA+ equipment for Emobile, Japan's fourth largest wireless carrier. An Emobile spokesperson said less than 1% of the firm's base stations had been damaged, and could not confirm if the company had received any shipments from Huawei. Analyst firm IE Research Market says it does not expect its projected figures for Japan's wireless carriers to change despite the disaster. The analyst firm had predicted EBITDA would take up 47.5% of NTT Docomo's service revenue by 2011, with KDDI and Softbank coming in at 43.4% and 46.1% respectively.

#### *Semiconductor*

- **It is estimated that a quarter of global silicon production was taken out by Japan's devastating earthquake and tsunami on global consumer electronics manufacturing.** Production at two facilities operated by Shin-Etsu Chemical and MEMC Electronic Materials has been halted, affecting 25% of the world's supply of wafers, which are used in semiconductors, according to IHS iSuppli estimates. Shin-Etsu's Shirakawa plant is perhaps the most costly loss. The facility produces 20% of the world's supply of 300mm wafers most commonly used in memory chips including flash and DRAM. MEMC's Utsunomiya facility is also out of action, knocking global wafer output by a further 5% in the near-term at least, while production at sites run by Renesas Electronics and Fujitsu are down by 40% and 50% respectively. Printed circuit boards (PCBs) are also in the firing line, IHS states. Japanese manufacturers produce around 70% of the raw materials used in PCBs, however key facilities from Mitsubishi Gas Chemical and Hitachi Kasei Polymer will be out of action for at least a fortnight. Semiconductor manufacturers in the country were also hit, with Elpida Memory revealing output at one assembly site has been halved due to the damage inflicted.

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### China

#### *Internet*

- **Baidu Inc. aims to develop software that lets users of smartphones and other devices navigate and perform other activities online via a search box on the screen, in an indication that Baidu could be preparing to develop an operating system that would put it closer in competition with Google Inc.** Baidu aims to obviate operating systems so that the user interface on any device, is a simple yet powerful box that does anything the user wants using conversational language, Chief Executive Robin Li cited. Developing an operating system would put Baidu in closer competition with its main rival in the Chinese search market, Google, whose Android operating system is popular on mobile phones in China even though the U.S. company last year moved its China search service to Hong Kong amid concerns about hacking and Chinese government censorship.
- **According to Citigroup, more Chinese Internet companies are expected to line up for US IPOs.** Asia's technology companies are facing deal decisions, with at least a dozen Chinese Internet companies set to list in the U.S. and continued activity by Indian telecom companies selling tower assets via initial public offerings or mergers, a senior Citigroup banker said. In the U.S. tech companies have a broader universe of comparable stocks and investor interest. Qihoo 360 Technology Co. will sell as much as US\$200 million of Ads receipts in an IPO this month, and NetQin Mobile Inc. filed to sell up to an estimated US\$100 million of American depository shares. Four of the five best IPO debuts on American exchanges came from Chinese stocks, led by online video firm Youku.com, which raised US\$200 million by selling American depository shares, and registered a 161 percent pop on its first day, according to. E-Commerce China DangDang Inc. gained 87 percent in its debut. The worst five debuts came from China-based companies, with mobile application company Ski-mobi Ltd. skidding 25 percent on its first day in December.
- **Ctrip.com International launched a food channel, offering restaurant search and booking services via online food ordering site 95171.cn, in which the company invested in January this year.** The service is currently available in Beijing and Shanghai and will be expanded to at least ten other Chinese cities this year.
- **Seven Chinese online video providers have joined with the aim of forming a shared content subscription-based online film distribution alliance, The Beijing News reported.** The seven companies are LeTV.com, Tencent, PPTV, Xunlei, PPS, Joy.cn and Baofeng.com. LeTV Vice President Jia Yuemin described the fee model as being a 3 yuan (US\$0.46) to 10 yuan (US\$1.50) charge per movie, after which users are free to watch the movie as many times as they like within a 48-hour period. Major domestic online video sites Youku.com, Ku6.com and Tudou.com have elected not to join the alliance after having been contacted.
- **Alibaba.com made net income of 1.01 billion yuan (US\$154 million) in 2010, up 45.1 percent year-on-year, as revenue expanded 43.4 percent year-on-year to 5.56 billion yuan (US\$848 million).** Over the year, the company saw the number of paying members surge 31.6 percent year-on-year to 615,212, and the number of overall registered users surge 29.5 percent to 47.73 million.
- **Tencent will establish an independent site for online video services in April.** The company has been investing in video content licenses to beef up the launching of the said site. No further details are available on the matter.

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- **LeTV.com had net income of 70.10 million yuan (US\$10.7 million) in 2010, up 57.63 percent year-on-year.** LeTV is the first online video site in the country to generate a positive net income. The company's revenue last year climbed 63.49 percent year-on-year to 238 million yuan (US\$36.3 million), of which 40-50 percent was contributed by subscription payments, COO Liu Hong was cited.
- **Tencent had net income of 2.2 billion yuan (US\$335 million) for the fourth quarter of 2010, up 45.9 percent year-on-year and 2.2 percent quarter-on-quarter.** Total revenues came to 5.52 billion yuan (US\$842 million), a surge of 49.8 percent year-on-year and 5.7 percent quarter-on-quarter, with internet value-added services (IVAS) contributing 4.38 billion yuan (US\$668 million) due to rapid growth in revenues from its online games business. Mobile IVAS generated 728.5 million yuan (US\$111 million). Revenues from the company's online advertising business surged 39.1 percent year-on-year and 1.5 percent quarter-on-quarter to come to 388.1 million yuan (US\$59.2 million). For the full year of 2010, Tencent had net income of 8.05 billion yuan (US\$1.2 billion), representing year-on-year growth of 56.2 percent, and total revenues of 19.65 billion yuan (US\$3 billion), an increase of 57.9 percent year-on-year. Revenues from IVAS for the year came to 15.48 billion yuan (US\$2.4 billion), up 62.4 percent year-on-year, as the online advertising business brought in 1.37 billion yuan (US\$209 million), an increase of 42.6 percent on an annual basis.
- **ChinaCast had a net loss in the final quarter of 2010 of US\$5.1 million due to a one-time, non-cash impairment charge of US\$9.1 million.** Total revenue for the quarter increased 56 percent year-on-year to US\$25.7 million, of which the traditional university courses business contributed US\$16.0 million. As university student enrollments increased 60 percent year-on-year to 32,700. Average revenue per university student for the quarter surged 12 percent to US\$489 per quarter. The company expects to record full year 2011 net revenue of US\$94 million to US\$96 million. ChinaCast announced separately the same day that its board has approved a plan to repurchase up to US\$50 million of its common shares over the next 12 months.

### *Mobile/Wireless*

- **China GrenTech's revenues for the fourth quarter increased 59 percent to 794.3 million yuan (US\$121.1 million).** The primary driver was the increased revenue of 173 million yuan (US\$26.4 million) generated from China Mobile in the fourth quarter. Revenue generated from China Unicom also increased by 114.4 million yuan (US\$17.4 million). Revenue from wireless coverage products and services increased to 686.8 million yuan (US\$104.7 million). Revenue from base station RF products declined to 107.4 million yuan (US\$16.4 million). Gross margin surged to 27.8 percent from 19 percent. The company moved to a net profit of 102.8 million yuan (US\$15.7 million). Cash and cash equivalents amounted to 424.5 million yuan (US\$65 million) at the end of the quarter. For the first quarter, GrenTech forecasts revenue to be in the range of 160-184 million yuan (US\$24.4- 28 million).

### *Telecommunications*

- **China Telecom Corp. had slower-than-expected net profit growth of 9.3 percent for 2010, due to a continued decline in its fixed-line business and as its mobile business faced tougher competition.** China Telecom has been trying to fuel growth in its mobile services business since it acquired rival China Unicom's CDMA mobile business in 2008 as part of a government-mandated restructuring of the country's telecom sector. China Telecom still lags behind China Unicom and China Mobile in the race to attract users of third-generation mobile services. China Telecom had its net profit for the 12 months ended Dec. 31 increased to 15.76 billion yuan (US\$2.4 billion). Its 2010 result was below the average 16.37 billion yuan (US\$2.5 billion) net profit forecast of eight analysts polled earlier by Dow Jones Newswires. Revenue increased 5.0 percent to 219.86 billion yuan

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(US\$33.5 billion). China Telecom's average revenue per user for mobile services, a key barometer of long-term growth for telecom firms, declined to 54.2 yuan (US\$8.3) last year. China Telecom Chairman Wang Xiaochu said that its average revenue per user might fall further this year, partly as a result of a surge in users from low-income rural areas.

- **China Mobile has entered into a share transfer agreement to acquire a 100% stake in Chinese mobile phone and device customization, sales, and service firm Topssion for 237.07 million yuan (US\$36.2 million).** Topssion's existing shareholders include China Mobile parent company China Mobile Communication Corporation (CMCC), which owns a 29% stake, ZTE (16%), Eastcom (15%), Beijing Digital China (15%), Ningbo Bird (15%), and Huawei Investment (10%).
- **Kingsoft Network and Wi-Fi service provider WiWide have formed a partnership to provide cloud security internet services to 6,000 business users across China.** The project is expected to make Beijing the largest region with free-of-charge and secure internet access in China.
- **ZTE reported a 32.2 percent increase in profit in 2010 due largely to growth in international markets.** The vendor had a net profit of 3.25 billion yuan (US\$494.3 million), and increased its revenue for the year 21 percent to 70.26 billion yuan (US\$10.7 billion). Revenue from international operations increased 27.45 percent to 38.06 billion yuan (US\$5.8 billion), over half the vendor's total operating revenue. ZTE said the U.S. and European markets contributed the largest portion of overseas revenue for the first time, with the markets recording growth of 50 percent. The company has been making a concentrated push into these markets, but has repeatedly claimed it is being held back by unfair prejudice in the U.S. Revenue from China increased 5.9 percent to 32.19 billion yuan (US\$4.8 billion), but revenue from the rest of Asia declined 3.87 percent to 12.69 billion yuan (US\$1.9 billion).

### *Media, Entertainment and Gaming*

- **China's online games sector was worth 34.9 billion yuan (US\$5.3 billion) in 2010, representing the second consecutive year of a slower rate of year-on-year growth.** Of the total, the country's internet games market increased 25.2 percent year-on-year to 32.3 billion yuan (US\$4.9 billion) in 2010, with the proportion contributed by webgames rising 4.27 percent to 7.6 percent, as the mobile games market was valued at 2.6 billion yuan (US\$396 billion), having expanded 40.7 percent since the previous year.
- **Shanda Interactive's wholly owned casual game subsidiary Hangzhou Bianfeng Software Technology (GameABC.com) has been accused of offering illegal online gambling services through its game Gang Shi Wu Zhang Pai, in an expose aired by China Central Television (CCTV).** A Shanghai gamer lost approximately 767,000 yuan (US\$116,959) after playing the game seven times, according to a local TV program. GameABC has not responded to the news. China's General Administration of Press and Publication of China (GAPP) issued a notice in 2005 banning gambling in online games, according to the report.
- **Giant Interactive had peak concurrent users of 202,179 for its in-house developed MMORPG ZT Online II, Sina reported.** The game started technical testing in November 2010 and will enter closed beta testing in the second quarter of this year.

### *Alternative Energy*

- **Hanwha SolarOne had net income of 370.8 million yuan (US\$58.6 million) in the fourth quarter of 2010, and a net income of 10.6 million yuan (US\$1.6 million) in the year-ago period.** Total net revenues were 2.11 billion yuan (US\$322 million). Hanwha SolarOne shipped 218.8MW of modules in

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the quarter. For the first quarter of 2011, Hanwha SolarOne forecast module shipments of 235-245MW, and said it expects average module prices to decline 5 percent against the fourth quarter level of 11.82 yuan (US\$1.80) per watt, as full year shipments are seen to reach 1-1.2GW.

- **LDK Solar had net income of US\$145.2 million in the fourth quarter of 2010.** Revenue reached US\$920.9 million in the quarter, on wafer shipments of 627.9MW and module shipments of 157.2MW in the period. The company's gross margin for the fourth quarter was 27.3 percent. For the first quarter of 2011, LDK Solar sees to earn revenues of US\$800 million to US\$850 million at a gross margin of 27-29 percent, on 610-660MW of wafer shipments and 120-140MW of module shipments. The company also expects in-house polysilicon production to reach 2,300-2,400MT. For the full year, LDK Solar guided revenue of US\$3.5 billion to US\$3.7 billion, with wafer shipments of 2.7-2.9GW and module shipments of 800-900MW, and in-house polysilicon production of 10,000-11,000MT.

### *Hardware*

- **Contract manufacturer of electronics SinoHub has entered into definitive agreements with a select number of institutional investors to sell 4.79 million shares of common stock and warrants to purchase up to 1.44 million shares in a registered direct offering.** SinoHub expects to receive gross proceeds from the offering of approximately US\$11 million and the company intends to use the net proceeds for general corporate purposes and working capital. The shares will be sold at a negotiated purchase price of US\$2.30 per share, and each purchaser will receive a warrant to purchase 0.3 shares of common stock for each share that it purchases in the offering. The warrants shall be non-exercisable for six months and have a term of exercise of thirty months and an exercise price of US\$3.00. The transaction is expected to close on or about 21 March.

### **Taiwan**

#### *Hardware*

- **The company has appointed a chief content officer, Shashi Fernando, to spearhead a move to replicate Apple's vertically integrated model, with plans to open the inevitable app store and push into content beyond its core as a while label handset.** The strategy first emerged last year when HTC started hiring content editors and talking about a store. Then, last month, it acquired mobile video firm Saffron Digital. HTC looks set to create its own content and form a range of partnerships. While Apple is the role model, it will also have an eye on Samsung's increasingly well stocked video shop and the wide range of items in Google's and Amazon's Android and eBook stores.
- **Quanta Computer Inc. sold 7.3 million shares in Simple Technology Co. for US\$45.8 million via a block trade, lowering its stake in the company from 4.3 percent to 1.4 percent.** Quanta is a contract maker of notebook personal computers. Simple makes batteries used in notebook computers, and its customers include HP and Dell.
- **Inventec Corp. will buy out its 43.79 percent-owned Inventec Appliances Corp. unit via a share swap to streamline operations.** Inventec Corp. will offer 1.68 shares for every Inventec Appliances share held. The integration will eliminate the overlapping of products offered by the two firms and save on raw material costs. Inventec Appliances makes mobile devices and network products such as routers and Internet-based phones.

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### Hong Kong

#### *Telecommunications*

- **PCCW Ltd. said that a possible listing of its telecommunications assets in the form of a business trust might unlock value for shareholders.** PCCW Group Managing Director Alex Arena said that the company had a 28 percent surge in net profit for 2010 that the company is in talks with Hong Kong regulators on the proposal, which is a very preliminary stage. PCCW was in preliminary stages of exploring the feasibility of a spin-off and separate listing of its telecoms business as a business trust. The move could see the younger Li, who controls a stake of around 27 percent in the company, cash out on a debt-laden investment, which is now worth a fraction of its value when he acquired the assets in 2000.
- PCCW announced 2010 results with profit increased by 28% to HK\$1.93 billion (US\$247.6 million and core revenue, which excludes contribution from its property development and investment business, increased by a much more modest 3% to HK\$21.5 billion (US\$2.8 billion). The company said its 3G user base had increased by 26% year on year, while total mobile customers grew 4% to 1.48 million. PCCW's 3G revenue increased 153% since the operator began concentrating on data and smartphones in 2008. Smart device penetration also increased to 62% of the company's 3G user base in 2010, from 45% in 2009. The company increased its broadband customer base 5%, but overall fixed-line subscribers stayed flat. The company said the restructuring of its Reach international cable joint venture with Australia's Telstra would allow it to improve its operating margin.
- **Hutchison Telecom Hong Kong Holdings reported a 61% increase in profit to HK\$755 million (US\$96.8 million) with revenue increased 17% to HK\$8.44 billion (US\$1.1 billion).** The company, a subsidiary of Hutchison Whampoa which operates the 3 and HGC brands in Hong Kong and Macau, grew its mobile subscribers in these markets to 3.2 million at the end of 2010, from 2.96 million in 2009. The unit maintained its number one position by mobile market share, and said an LTE rollout planned for later this year should help it improve this share even further. Revenue from fixed-line business HGC grew just 2% to HK\$3.29 billion (US\$1.42 billion).

#### *Mobile/ Wireless*

- **Hong Kong mobile user base reached 13.706 million in January, up from 13.416 million in December, according to Ofta.** Of the total, 6.844 million were prepaid users and the number of postpaid users stood at 6.861 million. The number of 3G users surged to 5.577 million in January from 5.254 million in the previous month. Furthermore 936,524 mobile users connected through an MVNO. Total SMS sent reached 614.155 million, or 51 per subscriber, down from 636.07 million or 53 per subscriber a month earlier. The mobile data usage surged to 306.8MB per 2.5G/3G customer, up from 295.5MB in the prior month.

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

#### *Telecommunications*

- **India's Bharti Airtel may acquire yet-to-be-launched Indian wireless broadband business of chip maker Qualcomm, reports ET.** The sources said that Qualcomm is set to be in an advanced stage of discussions with Bharti to sell its BWA licenses in all four circles. The valuation of the deal is likely be around US\$1.2-1.3 billion, with a premium of 25-30 percent. Qualcomm has BWA licenses in four circles of Mumbai, Delhi, Kerala and Haryana and paid US\$1.05 billion for these permits and

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airwaves. Qualcomm is not expecting much of a premium on these licences. It expects a commitment from the operator that it will use its LTE TDD technology, added an industry source.

- **Bharti Airtel could be on the hook for up to 1.26 billion rupees (US\$28.4 million) worth of fines over misreported revenue and alleged failure to comply with regulatory requirements.** Bharti has denied any wrongdoing, stating the discrepancy is merely down to a difference in interpretation of the revenue figures used to calculate its dues. The company will soon be served with a demand by the Department of Telecom (DoT) to pay dues owing as a result of alleged underreported revenue over two financial years. The DoT has not said how much it will demand, but sources told India's Business Standard it could be as much as 1 billion rupees (US\$22.5 million)
- **Reliance Communications (RCom) has drawn down first tranche of 30 billion rupees (US\$671 million) out of the 87 billion rupees (US\$1.9 billion) facility signed with China Development Bank (CDB).** The facility includes 60 billion rupees (US\$1.3 billion) for refinancing 3G spectrum fee payment by RCom and 27 billion rupees (US\$604 million) for equipment imports from Chinese vendors. The drawn down amount will be used to refinance RCom's short term rupee borrowings resulting in substantial savings in its interest cost apart from extending RCom's debt maturity profile. The loan facility is fully underwritten by CDB and is being funded by a syndicate of Chinese Banks/Financial Institutions including CDB. The financing has a maturity of ten years.
- **ETHL Communications Holdings Ltd. has decided to exercise its right to prepay outstanding bonds worth 42.30 billion rupees (US\$945 million) and free the 10.97 percent stake it holds in parent Essar Group's joint venture with Vodafone Group PLC.** The bonds, sold in January 2010 in two tranches of 21.15 billion rupees (US\$473 million) each and maturing in July and December 2011, respectively, were backed by the 10.97 percent stake ETHL holds in Vodafone Essar Ltd. Vodafone Group owns about 67 percent of Vodafone Essar, India's third-largest mobile phone operator by subscribers, as Essar Group companies own most of the remaining 33 percent. The prepayment comes at least a month after Essar and Vodafone appointed three investment bankers to value the Indian conglomerate's stake in the local telecom operator in a bid to resolve a dispute over Essar's exit from the joint venture that was formed in 2007.
- **India's Economic Times reported that India is considering providing its local telecom vendors with financing support on par with that offered by China to companies including Huawei and ZTE.** The government is exploring ways to help local vendors compete with the Chinese majors, which can offer financing at as low as 3% interest due to their agreements with Chinese banks. Indian and Western vendors, by contrast, must often charge interest rates of between 12% and 14%. DoT expects the total spend on telecom infrastructure to reach up to 5 trillion rupees (US\$110 billion) over the years 2012-2017, with private operators responsible for four-fifths of this amount and state-owned companies contributing the remainder. These spending projections include 2.8 trillion spent on rolling out greenfield 2G, 3G and 4G networks, and 1 trillion on new telecom towers.
- **Singapore Telecommunications has established a mobile commerce subsidiary called SingCash.** The subsidiary has an issued and paid-up capital of SGD 1, SingTel said in a stock exchange filing without providing further details. The principal activity of SingCash is mobile commerce related businesses including mobile remittance and payment.
- **Dell is planning to build a data centre in Australia to cater to demand from cloud computing customers, reports IT.** The founder and global CEO of Dell Michael Dell said the local investment

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was part of a multi-country initiative to surge its data centre footprint. Dell is building data centres in about ten countries around the world.

- **Australia data center operator NextDC has completed a fully underwritten equity raising of approximately A\$33.6 million (US\$34.4 million).** The issue was priced at A\$1.40 (US\$1.40) and comprised an institutional placement and a conditional placement made to institutional and sophisticated investor clients of Moelis Australia Advisory and RBS Morgans. In addition, NextDC will offer to eligible shareholders up to A\$15,000 (US\$15393) of shares through a share purchase plan. The target amount to be raised under the share purchase plan is A\$5 million (US\$5.1 million).
- **The high speed brought about by fiber optic-to-home Internet connections may be available in Cebu by 2012.** The Philippine Long Distance Telephone (PLDT) Co. begun installing such connections in some high-end subdivisions in Metro Manila and will look to Cebu after completing the project. PLDT president and chief executive officer Napoleon Nazareno hope to connect 10,000 homes with fiber-optic-to-home. Already half of the targeted number has been installed. Nazareno described the speeds as fantastic, as he had experienced the connection from his own home. The company announced the completion of its Peso 2.8 billion (US\$64 million) domestic fiber optic network (DFON) last December. It covers Lucena City to Cebu. PLDT spent Peso 28.8 billion (US\$665 million) in 2010 for surged capacity and coverage for higher broadband and voice usage, modernization of its core and access networks, and continuing upgrade of its fixed line network. They are planning to invest Peso 67 billion (US\$1.5 billion) in the next two years for expanded capacity and coverage for data services in new areas and to upgrade their networks.

### *Internet*

- **eBay has agreed to acquire a 20 percent share of Vietnamese e-commerce company PeaceSoft.** PeaceSoft had been co-operating with Ebay since 2008. Working with local banks, PeaceSoft set up its own online payment system, equivalent to Ebay's PayPal, to promote the switch to e-commerce. Much of the trade on chodientu.vn is in second-hand goods such as mobile phones and children's toys. Ebay is keen to use its partnership with PeaceSoft to encourage more Vietnam-based manufacturers to sell their wares around the world, following the lead of many companies in China.. PeaceSoft is backed by venture capitalists IDG Ventures.
- **The internet commerce industry in India went up to 315.98 billion rupees (US\$7.1 billion) in 2010, Internet and Mobile Association of India (IAMAI) says.** The e-commerce market is forecast to increase 47 percent this year to reach 465.20 billion rupees (US\$10.4 billion) by the end of this year. The online travel industry is the largest contributor to the e-commerce market with a 77 percent share of the e-commerce market.
- **At least 80 percent of major Australian retailers on eBay are having difficulties with suppliers and manufacturers, but online retailing is still expected to surge based on a new survey done by eBay.** Seven out of 10 respondents were optimistic about the business outlook for the upcoming year, the Australian eBay Online Business Index (OBI) found. eBay Australia & New Zealand vice-president Deborah Sharkey said the most surprising result of the online business index was that 78 percent of respondents say retail suppliers wants to either prevent the sale of specific products online. Although consumers preferred to acquire products domestically the stronger Australian dollar and a wider range of products available overseas drove consumers to offshore websites. Mobile device shopping was becoming more popular, with one in four Australians telling eBay they acquired something on their mobile phone.

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### *Information Technology*

- **India IT outsourcing firms to see up to 5 percent surge in billing rates.** Tata Consultancy Services, Infosys Technologies, Wipro and HCL Technologies are likely to see an uptick of up to 5 percent in billing rates charged to outsourcing contracts, the Economic Times reported. The companies want to raise billing rates for outsourcing contracts, driven by the increasing wages, inflation, and attrition of key staff. Some of the larger contracts outsourced by customers such as Citigroup, JPMorgan Chase & Co., Telstra, Wal-Mart Stores and American Express are seeing rates at least 1 percent to 3 percent higher as compared to what it was three years ago in relation to the larger contracts outsourced by customers. The Indian IT players have always followed the per employee, per hour billing model. The pricing was decided on the basis of number of hours contributed by each employee involved in the project. Last three years, pricing has been a complicated issue for the IT firms.
- **The Vietnamese Government should invest in information technology, which will benefit groups in the State-owned and private sectors, said Ha The Minh, Chairman of CMC joint stock company.** Minh wanted to boost the production of low-cost devices, but if there is no market the products will not perform well. According to Deputy Minister of Information and Communications Tran Duc Lai, to make Vietnam a strong IT nation, the country should utilize its strengths and businesses should create goals and work with the ministry to achieve them.

### *Media, Gaming and Entertainment*

- **A surge in advertising spends and consumption in one of the world's largest consumer markets might help the Indian media and entertainment industry post record growth in the next five years.** India's media and entertainment industry is expected to increase at a compounded annual growth rate of 14 percent a year to earn a revenue of 1,275 billion rupees (US\$28.3 billion) by 2015, the Federation of Indian Chambers of Commerce and Industry, and KPMG said. The industry increased 11 percent in 2010 to earn revenues of 652 billion rupees (US\$14.6 billion). Most of the growth was led by a resurgence in advertising spends, which surged 17 percent to 266 billion rupees (US\$5.9 billion). The Indian print media industry bucked a worldwide trend of a decline in business to surge at 10 percent a year in 2010 and might still be at a similar rate over the next five years.
- **Intelsat S.A., the world's leading provider of fixed satellite services, announced that Sun TV Network Ltd., India's leading regional media group, has signed a multi-year, multi-transponder contract for C-band capacity on the recently launched Intelsat 17 satellite (IS-17) at the 66° E orbital location.** The agreement marks the second major programmer to join the line-up at Intelsat's newly expanded video neighborhood in the Indian Ocean region. Sun TV will use the new satellite capacity to expand its programming distribution to viewers across India and beyond. Sun TV will migrate its current 20 channels to IS-17 and use additional bandwidth to support its expansion plans.

## United States/Canada

### *Software*

- **Apple filed suit, claiming trademark infringement by Amazon's choice of name for its digital storefront, Android Appstore.** Meanwhile, Barnes & Noble is being sued by Microsoft for alleged patent violation. The Android community is facing a web of litigation, though with the notable exception of Oracle/Java, most lawsuits are steering clear of Google itself. Microsoft, in particular, has

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staked a claim to many patents included in Android and its Linux foundation, with its suits partly designed to make its own WP7 more attractive, for being invulnerable to such actions. It sued Motorola last October, but it has not gone directly after Google yet, though the search giant did not hesitate to denounce its move, saying the lawsuit against B&N's Nook e-reader stifled innovation. Microsoft's suit in US District Court alleges that the Android-based Nook violates several patents. The action also cites manufacturer Foxconn of Taiwan, which makes the Nook.

- **Adobe Systems Inc. forecasted second-quarter profit that missed analysts' estimates as the earthquake and tsunami in Japan hurt sales.** Profit excluding some costs will be 47 cents to 54 cents a share this quarter, Adobe said. Revenue will be US\$970 million to US\$1.02 billion. Analysts had estimated sales of US\$1.04 billion. Adobe cut its revenue by US\$50 million because of the disaster in Japan. The company gets 10 percent to 15 percent of its revenue each quarter from that country, making it Adobe's second-largest market after the U.S. Some analysts had seen a bigger sales impact after the March 11 quake and tsunami shut down some power and transportation systems and disrupted business.

### *Internet*

- **eBay Inc. Chief Executive John Donahoe received US\$12.4 million in total compensation in 2010.** Donahoe received a salary of US\$920,673, a bonus of US\$736,538 and equity awards totaling US\$9.3 million. He also received US\$1.16 million in non-equity incentive compensation. In 2009, Donahoe received US\$10.1 million in total compensation. eBay said Donahoe's total compensation included US\$233,828 for his personal airplane usage in 2010.
- **Facebook hopes to expand its reach into the global mobile phone market with the acquisition of the Snaptu.** The deal was expected to close within a few weeks. Israeli news reports valued it at between US\$40 million and US\$70 million, the FT said.
- **Groupon Inc. announced that president and chief operating officer Rob Solomon will step down from his position at the company.** Solomon joined Groupon about a year ago after serving as a partner at venture capital firm Technology Crossover Ventures and holding management roles at Yahoo! Inc.
- **Mountain View, Calif.-based LinkedIn Corp. reached 100 million members, as the professional social-networking site grows to include nearly a million teachers, dozens of Elvis impersonators and one martini whisperer.** The milestone comes as LinkedIn gears up for a much-anticipated initial public offering of stock that is seen to open the IPO floodgates for other social-networking sites. LinkedIn said at least half of its members, or 56 million, are based outside the U.S. The company said it is seeing its fastest growth in Brazil, Mexico, India and France.

### *Telecommunications*

- **AT&T and Deutsche Telekom have entered into a definitive agreement for the sale of T-Mobile USA for US\$39 billion in cash and stocks.** Deutsche Telekom will take an approximately 8 percent stake in AT&T. At the same time Deutsche Telekom will hand over 100 percent ownership of T-Mobile USA to AT&T. AT&T will pay US\$25 billion in cash for T-Mobile USA, in addition to US\$14 billion in AT&T shares. AT&T has the right to increase the portion of the purchase price paid in cash by up to US\$4.2 billion with a corresponding reduction in the stock component. The transaction value of US\$39 billion implied a multiple of approximately 7 times 2010 adjusted EBITDA. The merger still needs US regulatory approval. AT&T is confident it will gain the approvals it needs from the FCC and the U.S. Department of Justice, insisting that the benefits of the agreement

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- including additional mobile spectrum, greater network capacity and a wider LTE rollout, apply as much to the U.S. as a whole as they do to AT&T. However, Sprint Nextel, the nation's third-largest wireless carrier, is urging government officials to block the deal as the merger would create a duopoly market for U.S. wireless services dominated by AT&T and Verizon Wireless. The closing of the transaction is expected to be completed in first half of 2012. .

- **Federal regulators approved the US\$22 billion merger of telecommunications companies Qwest Communications International Inc. and CenturyLink Inc., clearing the way for the companies to close the merge on April 1.** The U.S. Federal Communications Commission said the companies made several commitments to promote infrastructure investment and expanding broadband availability, as protecting consumers and fostering competition. The merger had already won approval by 20 states and the District of Columbia. Shareholders from both companies also have approved the deal. CenturyLink Chief Executive Glen F. Post III said the merger would bring greater broadband availability to customers and serves the public interest by allowing up to offer a wider variety of services than either company could offer alone.
- **LightSquared said Best Buy Co. has signed an agreement to use its upcoming 4G network.** LightSquared is attempting to build a super-fast fourth-generation wireless network and act as a neutral wholesaler, helping different companies offer their own branded wireless service. With no network in place yet, there were some questions about the validity of LightSquared's business model. But the deal with Best Buy, which follows a roaming agreement with Leap Wireless International Inc. that was announced, establishes some much-needed credibility for LightSquared. Best Buy will sell the service through its Best Buy Connect wireless offering, which currently uses Sprint Nextel Corp.'s 3G network and Clearwire Corp.'s 4G network.
- **Nortel Networks Corp. is doing its bit to alleviate the Internet space crunch, selling 666,624 IP addresses to Microsoft Corp. for US\$7.5 million.** The company, which filed for bankruptcy protection in 2009, is selling assets to raise money for creditors. In court papers, Nortel urged quick approval of the address sale to make the most of the opportunity to profit from its store of strings of numbers that identify particular devices hooked to the Internet: computers, Web-enabled phones, and other gadgets. Nortel's numbers date back to the 1990s and are dubbed legacy numbers, a signal they predate the regional Internet registries that now control the supply of numbers. They are among the last of the IPv4 addresses, created in 1981, and are in short supply.
- **Polycom, Inc., a unified communications service provider, announced the acquisition of Accordent Technologies, Inc., a provider of video content management and delivery solutions, for approximately US\$50 million in cash.** The company said that the acquisition positions Polycom to become the leader in the Video Content Management and Delivery market by integrating Polycom's leading open standards UC Intelligent Core™ and market leading UC endpoints with Accordent's innovative open standards video content management solution. According to data from market research firm Wainhouse Research, this acquisition immediately expands Polycom's total available market by US\$500 million and, for this video management segment, this market is projected to generate a compounded annual growth rate of 32% through 2014 to US\$1.2 billion. Polycom expects this acquisition to be neutral to earnings in 2011 and slightly accretive to earnings in 2012. The sector saw demand improve in the recession as companies more frequently opted to meet with far-away clients or colleagues via video-conferencing rather than traveling. Accordent had US\$9 million in revenue in last year.

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- **Verizon Communications Inc. Chairman and Chief Executive Ivan Seidenberg's total compensation in 2010 increased 3.6 percent to US\$18.2 million in his final full year at the reins of the telecommunications provider.** The majority of his compensation came from stock awards, according to Securities and Exchange Commission.

### *Semiconductors*

- **A majority of Atheros Communications Inc. stockholders approved a US\$3.1 billion merger agreement with Qualcomm Inc.** Qualcomm offered to acquire Atheros for US\$45 per share as the suitor seeks to fill a hole in its chip-maker operations. Analysts have said Qualcomm has been missing on Wi-Fi and other connectivity chips for mobile devices. The takeover would boost its presence in that area. Shareholders representing about 75 percent of Atheros' outstanding stock were represented at a special meeting held Friday. The merger remains subject to regulatory approvals, and Atheros and Qualcomm continue to expect that the merger will close in the first half of this year.

### *Hardware*

- **Hewlett-Packard Co. closed its first acquisition under new Chief Executive Leo Apotheker as the tech company moves forward on its strategy to build out its software products.** An H-P spokeswoman confirmed that the acquisition of privately held Vertica Systems Inc. had closed, though she said details of the deal would not be made public. The acquisition of Vertica, based in Massachusetts, is the first for H-P since Apotheker became its CEO in November. The company's business analytics products were highlighted at an HP event, during which Apotheker unveiled his plans for the company. Among other things, the company will expand its software offerings as it builds a "cloud" of applications and services for consumers and business customers.
- **Apple Inc. is weighing an expansion of its AirPlay audio service to include streaming video from an iPhone or iPad to television sets.** Under the plan, Apple would license its AirPlay software to consumer-electronics makers that could use it in devices for streaming movies, TV shows and other video content, said the people, who asked to remain anonymous because the plans haven't been made public. Apple now only licenses AirPlay for streaming audio. Devices that could be used for video may be available this year. An expanded AirPlay would let users stream programming wirelessly from an Apple mobile device to a TV that carries the technology. That may spur wider use of Apple's services and devices in consumers' living rooms.

## Europe

### *Telecommunications*

- **Telefon AB L.M. Ericsson intends to adapt its activities to a new regional structure, which will mean laying off 450 employees in Sweden.** A total of 400 jobs in Stockholm and 50 in Gothenburg will go, but at the same time the company will also need to recruit 250 engineers in research and development. The jobs to go are in sales and administration. Negotiations with union representatives have begun and all affected personnel are seen to have been informed before the start of the summer.
- **Telekom Austria AG had submitted a conditional bid of up to 950 million euros (US\$1338 million) for a majority stake in Serbian phone operator Telekom Srbija and it was the only bidder in the auction.** As the offer falls short of Serbia's minimum asking price of 1.4 billion euros (US\$1.97 billion) for the stake, Telekom Austria offered an additional 450 million euros (US\$634 million) in investments in the company within the coming three years. The offer is subject to merger

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clearance and negotiations with the government about certain value-creating conditions, Telekom Austria said. German peer Deutsche Telekom AG didn't bid. The Serbian government owns 80 percent of the company and had set a March 21 deadline for binding bids to sell the majority stake and privatize the company, setting its estimated market value at 2.43 billion euros (US\$3.4 billion).

### *Media, Gaming and Entertainment*

- **Liberty Global Inc. will acquire the third-largest German cable operator, Kabel Baden-Wuerttemberg (KBW) for 3.16 billion euros (US\$4.4 billion) from the Swedish private-equity investor EQT in a deal that drives consolidation in the German market of cable operators.** The transaction provides Liberty Global with further access to one of the fastest-growing cable markets in Europe and was fully aligned with the strategy of acquiring cable operations that are accretive from a value and growth perspective. Liberty Global is willing to dig deep into its pockets for KBW. The price represents a purchase price multiple of about 8.1 times KBW's estimated EBITDA in 2011, adjusted for synergies.

### *Mobile/ Wireless*

- **Nokia Corp. will start employer-employee talks of April about laying off some of its 16,000 mobile and services developers, Finnish newspaper Helsingin Sanomat reports.** The company will help those made redundant find new jobs. Nokia's need to cut jobs stems from its decision in February to adopt Windows Phone as its main smart-phone platform as part of a broad partnership with Microsoft Corp. As a result of the tie-up, Nokia has said the next two years will be a transition period for the ailing handset maker.

## South Africa/Middle East/Latin America

### *Internet*

- **Universe Online SA saw a decline of its net profit in 2010 as its costs of service surged in the period. UOL had a 2010 net profit of 97.3 million Brazilian reais (US\$58.6 million).** UOL's costs of service totaled BRL294.4 million (US\$177 million) last year. The company had EBITDA of BRL159.9 million (US\$96 million) in 2010, the same level as in the year-earlier period. UOL's revenues increased 34 percent to BRL594.8 million (US\$357.8 million) in 2010. The number of paying broadband subscribers surged by 2 percent over the same period in 2009, reaching 1.35 million. The number of paying dial-up subscribers was 390,000, down 3 percent.

### *Telecommunications*

- **Emirates Telecommunications Corp. (Etisalat) scrapped a near US\$12 billion plan to acquire 46 percent of Kuwait's Mobile Telecommunications Co., or Zain, a deal that would have given it access to new markets in the region such as Iraq, Kuwait and Morocco.** Key Zain shareholder, Al Khair National Co. for Stocks and Real Estate, which is controlled by Kuwait's Kharafi Group, was leading discussions with Etisalat on its bid for Zain. Etisalat launched its original Zain offer, worth about US\$11.7 billion. The U.A.E. telecom's pursuit of Zain was plagued by setbacks and problems ever since it launched its original offer. One major stumbling block was Zain's 25 percent share in its Saudi operations. As it stands, both Zain and Etisalat operate in the Saudi market, an issue that analysts said might have concerned the local regulator there and blocked a possible deal.

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### Other Economic Data

#### Currency Exchange Rates

Currency	Units	Current Rate (on 3/25/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	81.3100	0.9%	-0.7%	0.2%	-12.5%
Hong Kong dollar	HK\$/ US\$	7.7949	-0.1%	-0.01%	0.3%	0.5%
Chinese renmenbi	CNY/ US\$	6.5568	-0.2%	-0.2%	-0.5%	-3.9%
Singapore dollar	S\$/ US\$	1.2615	-0.9%	-1.2%	-1.6%	-10.2%
South Korean won	KRW/ US\$	1,110.7000	-1.3%	-1.8%	-0.9%	-4.6%
New Taiwan dollar	NT\$/ US\$	29.4300	-0.5%	-1.2%	0.9%	-7.9%
Australian dollar	US\$/A\$	1.0259	3.0%	1.7%	0.5%	14.3%
New Zealand dollar	US\$/NZ\$	0.7528	3.2%	0.7%	-3.4%	3.9%
Philippine peso	PHP/ US\$	43.2400	-0.6%	-1.3%	-0.9%	-6.9%
Euro	US\$/€	1.4081	-0.7%	2.0%	5.3%	-1.6%
British pound	US\$/£	1.6036	-1.2%	-0.6%	2.8%	-0.7%

#### Fixed Income Prices and Yields

Note	Currency	Current (on 3/25/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.09	4.50%	105.48	4.42%	103.34	4.54%
Japan 30-year	¥	100.97	2.15%	100.47	2.17%	97.57	2.13%
Hong Kong 10-year	HK\$	96.48	2.75%	97.09	2.67%	95.42	2.88%
China (06/16)	US\$	105.15	3.59%	105.19	3.59%	104.54	3.73%
Singapore 10-year	S\$	107.25	2.39%	107.45	2.36%	105.20	2.63%
South Korea 20-year	KRW	10,306.60	4.62%	10,336.63	4.59%	10,035.68	4.80%
Australia 15-year	A\$	102.24	5.48%	102.56	5.44%	101.40	5.58%
New Zealand (12/17)	NZ\$	102.98	5.58%	103.57	5.51%	103.15	5.56%
Philippines 20-year	PHP	128.75	8.27%	126.74	8.45%	125.26	8.58%
India 30-year	INR	98.80	8.41%	99.10	8.38%	97.34	8.55%
UK 30-year	£	98.57	4.34%	99.69	4.27%	98.00	4.37%
Germany 30-year	€	116.98	3.79%	118.61	3.67%	120.50	3.59%

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