



IRG Technology, Media and Telecommunications Weekly Market Review

Week of 2 May 2011 - 8 May 2011

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Equity Market Indicators					
Index	Closing Level (5/6/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,340.20	-1.7%	0.6%	6.6%	20.2%
Dow Jones Industrial Avg.	12,638.74	-1.3%	2.0%	9.2%	21.2%
Dow Jones Tech. Index	468.68	-1.3%	2.1%	4.1%	16.4%
Dow Jones Telecom. Index	249.06	-2.1%	-0.1%	6.2%	13.5%
NASDAQ Composite	2,827.56	-1.6%	1.3%	6.6%	24.6%
Japan Nikkei 225	9,859.20	0.1%	2.5%	-3.6%	-6.5%
JASDAQ	52.24	0.7%	3.3%	-0.1%	8.0%
Japan Mothers	473.44	0.0%	8.2%	9.2%	13.7%
Korea KOSPI Composite	2,147.45	-2.0%	0.8%	4.7%	27.6%
Korea Kosdaq	506.42	-0.9%	-5.8%	-0.8%	-1.4%
Taiwan Stock Exchange	8,977.23	-0.3%	3.1%	0.1%	9.6%
Singapore Strait Times	3,594.07	-1.2%	-1.9%	-8.0%	20.1%
Hong Kong Hang Seng	23,159.14	-2.4%	-4.1%	0.5%	5.9%
Hong Kong GEM	763.77	-1.6%	0.8%	-5.8%	12.8%
China Shanghai (A-Share)	2,999.17	-1.6%	-3.5%	2.0%	-12.8%
China Shenzhen (A-Share)	1,250.56	-0.4%	-5.6%	-7.4%	-0.8%
China Shanghai (B-Share)	301.11	-0.7%	-6.0%	-1.1%	19.3%
China Shenzhen (B-Share)	788.04	-1.5%	-4.2%	-4.5%	25.9%

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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
05/04/11	Sinocom Pharmaceutical Inc. [NASDAQ: SIPH]	Health	57.5	Distributor of traditional Chinese medicines	Cowen & Company / Macquarie Capital	NA
05/04/11	Stewart & Stevenson LLC [NYSE]	Oil and Gas	250.0	Manufacturer of oil industry equipment	J.P. Morgan	NA
05/04/11	ConvergEx Inc [NASDAQ: CVGX]	Technology	400.0	Software provider for institutional agency brokerage and investment technology	J.P. Morgan / Citi / Barclays Capital / Goldman Sachs	NA

NASDAQ/NYSE Equity Markets: TMT IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 5/10/11	% Change From Offer
05/04/11	NetQin Mobile [NYSE: NQ]	Provides Internet security to mobile users primarily in China	89.7	11.50	7.66	-33%
05/04/11	Thermon Group [NYSE: THR]	Global provider of industrial heat tracing solutions.	120.0	12.00	12.95	8%
05/04/11	VOC Energy Trust [NYSE: VOC]	Trust with a net profits interest in oil/natural gas properties	233.1	21.00	21.89	4%
05/03/11	Boingo Wireless [NASDAQ: WIFI]	Provider of mobile Wi-Fi software and services with 325,000 hotspots.	78.3	13.50	11.77	-13%
05/03/11	Renren [NYSE: RENN]	Operates a social networking website in China with 117 million users	743.4	14.00	14.75	5%
05/03/11	RPX Corporation [NASDAQ: RPXC]	Acquires and licenses client patent assets to defend against patent trolls	159.6	19.00	27.51	45%

Asian Equity Markets: TMT IPO 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 5/10/11	% 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

- **Global handset shipments surged by 17.3 percent from a year earlier to 350.1 million units in the first quarter despite supply-chain disruptions caused by the earthquake in Japan last month, research firm Strategy Analytics said.** Shipment growth was driven by a surge in demand for smartphones in developed markets as well as multi-SIM card mobile phones in emerging markets. It added that 2011 will be the first year in which shipments will exceed 300 million units every quarter. However, the research firm said handset makers saw mild component constraints during the first quarter in the wake of the March earthquake, citing parts like touch screens, memory chips and cameras. Nokia Corp. retained its position as the market leader, but its market share declined to 31 percent in the first quarter from 36.1 percent a year earlier. Samsung Electronics Co.'s handset shipments surged to 68.9 million from 64.3 million units over the same period, but its market share declined to 19.7 percent from 21.5 percent.
- **The global mobile phone market surged 19.8 percent year-on-year in the first quarter on the back of high growth recorded by smartphone-specific vendors such as U.S.-based Apple and Taiwan's HTC Corp., International Data Corp. (IDC) said.** It further said that global mobile phone shipments surged to 371.8 million units in the first three months of the year from 310.5 million units in the same period of 2010. The figures represented a new first-quarter high that was fueled by accelerating sales of smartphones in Western Europe and the United States. In Western Europe, Apple's iPhone and models running Google's Android platform helped boost the market in the seasonally slow quarter, as new devices from HTC, Samsung Electronics Co (and Sony Ericsson sold well in most countries in the high-end tiers. iPhone and the LTE-enabled HTC Thunderbolt were two of the smartphones introduced by the carrier Verizon Wireless, which helped keep the category front and center of the overall mobile phone market.

Internet

- **Global operators are unprepared for an onslaught of video traffic that could hit them within two years, the head of marketing at traffic management firm Bytemobile says.** Ronny Haraldsvik, the firm's vice president of marketing, told TelecomsEurope.net that predictions that video traffic will account for two thirds of all mobile data traffic by 2015 are off the mark, and that the figure will actually be hit by end 2012. That will catch most operators off-guard, even those deploying LTE to cope with boosting mobile data traffic. With recent data from the firm revealing that video generated 40 percent of all data traffic in 2010, and that 9 percent of subscribers generate 38 percent of that video traffic, the potential for growth is huge. Haraldsvik says operators are only just beginning to plan for the potential surges, but could still be caught short by enhancements to services that are already generating huge mobile data traffic, like social network Facebook. Half of Facebook users access the site via mobile.

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Japan

Telecommunications

- **NTT DoCoMo said its fourth quarter profit declined 38 percent year-on-year, as quake expenses and a decline in revenue cut into on the company's bottom line.** Profit for the quarter ending in March declined to 46.5 billion yen (US\$570.5 million), as revenue dipped 2.6 percent to 1.04 trillion yen (US\$13 billion). DoCoMo had 7.1 billion yen (US\$88 million) worth of quake-related expenses for the period. CEO Ryuji Yamada said the company will spend a total of 30 billion yen (US\$371.9 million) on recovery, including 10 billion yen (US\$124 million) for full restoration and 20 billion yen (US\$248 million) to implement new disaster preparedness measures.
- **NTT Data Corp. will acquire Italy's Value Team SpA to expand in Europe and boost its presence in the Latin American market.** Value Team, which generated revenue of 308 million euros (US\$449 million) last year, will provide a bridgehead into Brazil to tap Latin American customers. NTT will spend 250 million euros (US\$359.2 million) for the purchase. President Toru Yamashita will spend as much as 300 billion yen (US\$3.7 billion) on acquisitions to quadruple sales outside Japan over three years. The Value Team agreement follows the acquisition of Keane International Inc. in December and is NTT Data's seventh overseas deal in the past year. Value Team has at least 300 customers in the telecommunications, financial and manufacturing industries. The Milan-based company employs almost 3,000 people.
- **KDDI boosted its annual profit nearly 20 percent, despite significant costs incurred from the Japanese earthquake.** The company has a profit of 255.1 billion yen (US\$3.11 billion) for the year ending in March. The company stated that the number of suspended base stations had fallen from 1,933 in the aftermath the quake to 124 as of April 22, and that just 2,237 of the 390,000 fixed line services that had been disrupted remain out of commission. KDDI's restoration work so far has concentrated on recovering network coverage, and that this phase is due to end on April 30. Work will then begin on recovering quality, including installing 53 new base stations, in a stage scheduled to last until September 30. While the company's annual profit increased, operating revenues for the year declined 0.2 percent to 3.44 trillion won (US\$3.2 billion). The company said its capex for the year declined 14.4 percent to 443.7 billion yen (US\$5.51 billion) while Ebitda increased 1 percent, and Ebitda margin surged to 27.3 percent from 26.9 percent.

Hardware

- **Hackers who targeted Sony Corp. may have stolen personal data for customers from a second online service, bringing the potential number of compromised accounts to over 100 million.** Sony Online Entertainment suspended access to its services after discovering personal information from 24.6 million accounts had been stolen. The information included names, addresses, birthdates and other personal details. The expansion of Sony's investigation dramatically raises the fallout from a high-profile breach of its computer records. The company acknowledged personal information had been stolen from another unit, PlayStation Network, prompting concerns about identity theft and an inquiry from members of the U.S. Congress.

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- **The PlayStation Network outage could cost Sony at least US\$20 million in lost business by the time services are restored, figures from a leading analyst firm suggest.** Informa Telecoms & Media estimates the outage cost Sony over US\$10 million in the first six days the PlayStation and Qriocity networks were offline. With Sony estimating it could take another week to restart all services the total financial penalty could easily be double that amount. Sony will also be beefing up the security of its servers, but analysts warn that the firm risks losing consumer confidence entirely if it gets the improvements wrong.

Korea

Telecommunications

- **SK Telecom Co. has raised its 2011 capital investment to 2.3 trillion won (US\$2 billion) to speed up the upgrade of its network services.** The mobile operator said the surged spending of 300 billion won (US\$272 million) will be spent on upgrading its data service quality by expanding the capacity of its third-generation networks and deploying the next-generation network technology, called long-term evolution. SK Telecom will release LTE services to meet boosting demand for wireless data services. In January, the mobile operator had earmarked 2 trillion won (US\$1.9 billion) for its capital expenditure this year, as it expects the number of its smartphone users to at least double during the course of the year. In tandem with its focus on wireless data services, SK Telecom will introduce around 30 new smartphone models in 2011, or 60 percent of new mobile phone devices.
- **SK Telecom intends to upgrade to LTE's successor, LTE-Advanced, starting in 2013.** The company revealed its plan as announcing the first demonstration of its LTE network. SK Telecom also said it would apply Coordinated Multi-Point technology to the network when up and running in a bid to prevent base station interference, and pursue early development of LTE femtocells. A pre-existing network of 2G 800MHz repeaters will also be used to surge the new network's signals. SK Telecom in January chose Samsung, LG-Ericsson and NSN as its LTE vendor partners, and earlier that month revealed the results of field trials with China Mobile.
- **KT Corp. will sell its entire 79.96 percent stake in Russian unit, New Telephone Co., for US\$346 million to VimpelCom Ltd.** KT purchased its stake in the Russian unit for US\$22 million. In 2010, New Telephone posted a net profit of US\$25 million on sales of US\$110 million and secured 1.5 million subscribers. Korean telecom companies have been seeking ways to broaden their business portfolio into other new areas that have more growth potential to overcome the limited opportunities in South Korea's saturated telecom market. KT has been boosting its investment spending in the emerging markets, including Latin America and Africa, and is looking for other investment opportunities in the global markets.
- **KT Corp. had first-quarter net profit jumped 85 percent, boosted by a surge in investment gains from its 37 affiliates and accelerating demand for data services from smartphone users.** For the three months ended March 31, KT posted net profit of 555.2 billion won (US\$511 million). The first quarter results are the first reported under new international accounting standards which became mandatory in South Korea. KT Skylife was the affiliate that contributed most to the leap in profit. KT Skylife was incorporated as an affiliate in April after KT's stake in the digital satellite broadcaster surged to around 53 percent from around 30 percent previously.

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Hardware

- **Samsung Electronics Co. said its first quarter profit declined 30 percent to 2.78 trillion won (US\$2.6 billion) as its TV-component business tumbled into the red and semiconductors and TVs brought smaller profits amid weakening demand.** Samsung's investor relations chief Bob Yi forecast the challenging business conditions will persist in the quarters ahead, noting some risks surrounding the global economy, intensifying competition in the overall set businesses and the local currency volatility. Operating profit was 2.95 trillion won (US\$2.7 billion) in the first quarter, as sales surged 6.8 percent to 36.99 trillion won (US\$34 billion).

China

Internet

- **Youku.com released financial results for the first quarter of 2011.** The company had a net loss of 46.92 million yuan (US\$7.2 million) in the first quarter of 2011, compared with a loss of 51.20 million yuan (US\$7.9 million) in the corresponding period in 2010 and a loss of 37.72 million yuan (US\$5.8 million) in the preceding quarter, bringing diluted loss per ADS to 0.45 yuan (US\$.07). Net revenues for the period came to 127.99 million yuan (US\$19.7 million), up 163 percent year-on-year but less than the 152.47 million yuan (US\$23.4 million) recorded in the final quarter of 2010, having exceeded the high-end of company guidance by 22 percent. Of the total, brand advertising revenues amounted to 119.8 million yuan (US\$18.4 million) up 165 percent year-on-year.
- **Dangdang.com will increase the share of revenue offered to member sites of its online advertising alliance to a maximum of 7 percent from May 1 for non-book products.** Dangdang will maintain its 3 percent of revenue offer to sites that promote its book products. The site also will offer e-coupons worth between 50 yuan (US\$7.70) and 5,000 yuan (US\$770), as well as other rewards, for university campus-based agents and consumer-to-consumer online retailers that place orders with Dangdang.
- **Ganji.com has secured third-round financing worth US\$70 million from Capital Today and Sequoia Capital.** The round of funding was completed in late December and the capital will be directed towards branding, product development and cooperation with mobile manufacturers. The site's revenue came to US\$10 million in 2010 and is seen to reach US\$30 million this year.
- **Ctrip.com International has established a group purchasing channel for hotel deals.** The channel offers reservation and stay-extension booking deals from over 100 hotels daily. Although Ctrip indicated that the deals would not affect its commission income, rather opening a new channel for increasing revenue, China Business News cites unnamed industry sources as saying the cut-price offers are likely to eat into Ctrip's commissions.
- **Baidu and Rakuten's joint China business-to-consumer (B2C) online shopping mall has secured agreements with 20 domestic bookstores to market their products online.** Dangdang.com announced that it would not be affected by newcomers.
- **Alibaba Group has completed the acquisition of domestic website traffic tracking service provider CNZZ for an undisclosed amount, Sina said.** Alibaba paid US\$15 million for the deal. Alibaba and its website infrastructure service provider Net.cn, acquired in 2009, recently released a new website development service, Ali Awai, targeted at Alibaba's manufacturing and trading clients, china.com cited separately on the same day.

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- **Baidu made a net income of 1.07 billion yuan (US\$165 million) in the first quarter of 2011, a 122.8 percent gain versus the prior year, and representing diluted earnings per ADS of 3.06 yuan (US\$0.47).** Total revenues in the quarter came to 2.44 billion yuan (US\$376 million), up 88.3 percent year-on-year, as the number of active online marketing customers in the quarter surged 24.0 percent year-on-year but decreased 0.7 percent quarter-on-quarter to 274,000. Revenue per online marketing customer for the quarter was 8,900 yuan (US\$1370), up 50.8 percent year-on-year and flat on a sequential basis.
- **Dianping.com has completed a round of financing worth over US\$100 million with venture capital firms Trust Bridge Partners, Sequoia Capital, Qiming Ventures and Lightspeed Venture Partners, Sina cited.** The funding will be mainly directed towards expansion into new city markets as well as developing new group shopping services and mobile internet services.
- **Alibaba.com will form a partnership with China Post EMS Logistics' Zhejiang branch to build a warehousing center in Hangzhou, Zhejiang Province to provide logistics services to SME clients under Alibaba's Aliexpress service.**
- **Sohu recorded net income of US\$39.3 million in the first quarter of 2011.** Total revenues for the first quarter were US\$174.4 million, up 1 percent quarter-on-quarter and 35 percent versus the prior year's period, above the high end of company guidance of US\$169.5 million. Of the total, online brand advertising revenues totaled US\$57.2 million, and search revenues were US\$8.0 million, up 21 percent quarter-on-quarter and 183 percent year-on-year.
- **Changyou had net income of US\$52.85 million in the first quarter of 2011, up 11 percent quarter-on-quarter and 33 percent year-on-year and representing a fully diluted earnings per Ads of US\$0.99.** Total revenues for the first quarter of 2011 surged 6 percent quarter-on-quarter and 35 percent year-on-year to US\$97 million. The company had guided revenues of US\$92 million to US\$95 million. Changyou also recorded a total of 116.5 million accounts by the end of the quarter, up 5 percent quarter-on-quarter and 33 percent year-on-year, as active paying accounts boosted 7 percent sequentially and 21 percent year-on-year to 2.88 million, though peak concurrent users declined 3 percent sequentially to 1 million. Average revenue per active paying account (ARPU) decreased 4 percent quarter-on-quarter and surged 4 percent year-on-year to 210 yuan (US\$32.30). For the second quarter of 2011, the company expects to record total revenues of between US\$97 million and US\$100 million.

Telecommunications

- **China will complete its planned integration of Internet, television and telephone networks by 2015, according to the Economic Information Daily, citing Ministry of Industry and Information Technology head engineer Zhu Hongren.** China's State Council last year said it approved the first group of cities to take part in a trial program involving the construction of a communications network integrating internet, TV and telephone services. Currently, the three services generally use separate networks in China.
- **China Unicom said unaudited results show its Q1 net profit declined 86 percent from last year as subsidies on 3G handsets again weighed on earnings.** Net profit fell to 166 million yuan (US\$25 million), despite a 21 percent revenue increase to 49.03 billion yuan (US\$7.5 billion), as the carrier competed with rivals for 3G customers. Subsidies on 3G handsets surged sharply in Q1 to 1.9 billion yuan (US\$292 million). The company said results had also been affected by depreciation and other operating expenditures. Depreciation and amortization charges had risen to 14.06 billion yuan

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(US\$2.2 billion), as operating expenses increased to 30.65 billion yuan (US\$4.7 billion). Overall ARPU increased to 45.5 yuan (US\$7.00), but ARPU for 3G users had fallen to 117.2 yuan (US\$18.00). China Unicom is expected to start offering iPhones without a contract soon. The firm last month said higher 3G subsidies had been tied to higher iPhone sales in Q4 2010.

- **China Telecom had an 8 percent increase in profit for the quarter ended 31 March, driven by internet and data services.** Profit was 4.6 billion yuan (US\$708 million), as operating revenue increased 11.3 percent year-on-year to hit 58.67 billion yuan (US\$9.03 billion). Ebitda before capacity lease fees was 23.76 billion yuan (\$3.65 billion). China's largest fixed line operator and smallest wireless operator said growth in its internet and data services segment more than offset declining numbers for fixed line voice services. China Telecom had 16.37 million 3G subscribers in Q1, up from 12.29 million during the same period last year. Total mobile customers stood at 100.25 million at the end of the quarter, compared to 90.52 million last year.

Media, Entertainment and Gaming

- **Shanda Games licenses in-house developed MMORPG fantasy novel adaptation in Taiwan.** The company announced that Legend of Immortal was licensed to Taiwanese game operator SoftWorld International subsidiary Game Flier International. The game was also licensed to Vietnamese game operator VNG Corporation in mid-March.
- **Shanda Games has signed a contract with NAMCO Bandai's Korean unit Bandai Korea to operate Dragon Ball Online in mainland China.** The game recorded 350,000 account registration applications during testing in Korea. The company also licensed 2D side-scrolling MMORPG Granage from Korean game company Logiware.
- **CDC Corp recorded a net loss of US\$23.03 million in the fourth quarter of 2010, compared with a net loss of US\$6.10 million in the prior quarter and a loss of US\$4.68 million in the fourth quarter of 2009.** The fourth quarter loss included a US\$17.52 million charge associated with restructuring. Total revenues came to US\$83.08 million in the final quarter of 2010, up from US\$78.36 million in the previous quarter and from US\$82.97 million in the comparable period the year before. The company's software subsidiary CDC Software contributed US\$56.75 million in the fourth quarter, up from US\$53.01 million in the previous quarter, its IT consulting arm CDC Global Services made US\$14.64 million, down from the US\$15.87 million third quarter contribution, and CDC Corp's games division, CDC Games, generated US\$7.25 million, compared with US\$6.38 million in the previous quarter.

Semiconductor

- **ReneSola had net income of US\$43.33 million in the first quarter of 2011, down from US\$61.05 million in the fourth quarter of 2010 and representing diluted earnings per ADS of US\$0.49.** Net revenues in the quarter were US\$328.2 million, in line with company guidance and representing a decrease of 15.1 percent from the previous quarter, as total shipments decreased 5.4 percent quarter-on-quarter. The company achieved gross margin of 30.7 percent, compared with 30.9 percent in the prior quarter, but recognized a US\$19.8 million loss in the fair value of foreign exchange forward contracts due to euro appreciation, compared to a gain of US\$10.1 million in the fourth quarter of 2010.

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- **LDK Solar expected to report revenue of US\$745 million to US\$755 million for the first quarter 2011.** This represents a decrease from previous guidance of US\$800 million to US\$850 million, after reducing module shipments to 109-114MW, but increasing wafer shipments to 625-635MW and in-house polysilicon production to 2,450-2,470MT. LDK also raised its forecast gross margin for the quarter to 30-31 percent. The company maintains its 2011 guidance of US\$3.5 billion to US\$3.7 billion in revenues, at a gross margin of 24-29 percent, from wafer shipments of 2.7-2.9GW and module shipments of 800-900MW.
- **Comtec Solar Systems had revenues of 317.91 million yuan (US\$48.9 million) in the first quarter of 2011, representing an increase of 60.3 percent year-on-year, as shipment volumes increased due to accelerating demand and capacity.** Gross profit margin reached 30.5 percent, which the company attributed to increased selling price of wafers. Net income increased 311.1 percent year-on-year to 83.51 million yuan (US\$28.3 million).

Taiwan

Mobile/ Wireless

- **HTC Corp. expects its second-quarter revenue to surge 97 percent from a year earlier to NT\$120 billion (US\$4.17 billion), due to accelerating growth in smartphone shipments.** The company said consumer demand and inventory will likely remain healthy in the second quarter, adding the March 11 earthquake in Japan won't impact its operations in the three months ending June 30 because it has sufficient inventory for components and its executives are working to secure supplies from Japan. HTC's accelerating second-quarter forecast reflects rising demand for smartphones as consumers continue to switch from traditional cellphones to more sophisticated smartphones that allow them to browse the Internet, write emails and watch videos. HTC's overseas sales have been surged by its early adoption of the Android platform for mobile phones.
- **Taiwan's Global Mobile will dump WiMAX in favor of LTE as the latter appears to be the dominant 4G standard.** Chairperson Rosemary Ho told the Taipei Times that the operator would apply for government permission to switch its license from WiMAX to LTE once it hits 70 percent coverage. Government regulations dictate WiMAX operators can only apply for the LTE switch once the 70 percent coverage target has been met. Global Mobile intends to achieve this target by year-end, where the operator will have at least 1,000 base stations deployed. The operator's current WiMAX base stations are LTE compatible, but the switch will come at a price due to LTE equipment's higher cost compared to WiMAX.

Hardware

- **Hon Hai Precision Industry Co. Ltd. first quarter profit declines almost 20 percent from a year earlier, due to higher operating costs.** Hon Hai said it posted a profit of NT\$14.4 billion (US\$501 million), down 19.94 percent. Its operating expenses meanwhile surged 81.5 percent year-on-year to NT\$19.16 billion (US\$668 million). The company registered earnings per share of NT\$1.49 (US\$.052) for the January-March period. The first-quarter earnings were still better than what the market had previously expected - earlier, Merrill Lynch had estimated Hon Hai's EPS during the period would come in at NT\$1.38 (US\$.05).

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Hong Kong

Internet

- **The Internet is expected to contribute about US\$18.8 billion, 7.2 percent of the total, to Hong Kong's economy by 2015, driven by a surge in mobile use and online shopping, a report for Google Inc. said.** The digital market in the city of seven million stood at HK\$96 billion (US\$12.4 billion) in 2009, or 5.9 percent of its gross domestic product for the year. It is projected to grow by an average 7 percent every year to reach an estimated HK\$146 billion (US\$18.8 billion) by 2015. The report said growth would be led by increased consumer spending on online shopping and increased mobile internet usage, which will drive online consumption. Hong Kong's broadband penetration ranks sixth in the world.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **Tech Mahindra's business process outsourcing division will set up an office in the Philippines.** The office is being set up to service a telecommunications client from which it received a multi-million-dollar contract. The office, to be set up in Manila, will offer sales, back office and technical support to the customers of the telecom firm. Tech Mahindra has already hired 600 people to staff the office.
- **TOT reportedly will spend 58 billion baht (US\$1.94 billion) in the coming year, part of which will go toward 3G and fiber network upgrades.** TOT spokesperson and board member Prapan Boonyakiat said that a board meeting held end last week had approved the spending of 30 billion baht for operations, 6.48 billion baht for upgrades to its existing fiber network and 16.7 billion baht on mobile network upgrades that include a nationwide 3G expansion project. Some of the funding will also go towards a bonus for staff. TOT had earlier this year awarded a 3G expansion contract to the Smart consortium that included Huawei and Nokia Siemens Networks, and had managed to negotiate the contract price down to 15.99 billion baht from 16.29 billion baht.
- **DiGi.Com's first quarter net profit surged 19 percent from a year earlier due to higher revenues driven by an increased subscriber base.** The company cautioned that its earnings over the three years may be impacted by accelerated depreciation charges due to its network modernization program. The mobile phone operator said in a filing to the stock exchange that its net profit for the three months ended March 31 surged to 331.4 million ringgits (US\$110 million), as revenue increased to 1.43 billion ringgits (US\$476 million). The subscriber base increased to 8.8 million from 7.9 million a year earlier, as data revenue surged 38 percent to 361.7 million ringgits (US\$120.5 million). However, average revenue per user declined slightly to 50 ringgits (US\$16.6) due to price competition.
- **Philippine Long Distance Telephone saw an improvement in its first-quarter earnings supported by growing subscriber base.** PLDT had earlier warned that incremental depreciation and interest expense arising from its expansion will crimp profit this year and in 2012. PLDT Chairman Manuel Pangilinan told reporters that net profit in the first-quarter was slightly better. He said actual figures will be released next week. In the first quarter of 2010, PLDT had a net profit of 11.4 billion pesos (US\$265 million) and consolidated revenue of 36 billion pesos (US\$836 million).

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- **Telecom Corp. of New Zealand has decided against selling its international wholesale voice business as interest in the sector globally remains muted.** New Zealand's largest telecommunications company by market share had previously signaled its intention to sell the international voice business in May 2010, believing the business needed to be part of a larger company to achieve better positioning in a highly competitive market that is seeing margin contraction. The international voice division provides global telecommunications services to other TCNZ business units and at least 100 customers in North America, Europe and Asia.
- **Telecom Corp. of New Zealand retains full year guidance for the current financial year but lowered its planned capital expenditure.** The company was still expecting adjusted Ebitda to be in a range of NZ\$1.72 billion (US\$1.4 billion) to NZ\$1.78 billion (US\$1.4 billion) in the year to June 30, and growth of a further NZ\$20 million (US\$15.8 million) to NZ\$80 million (US\$63.3 million) in the year to June 2012. It withdrew its guidance for the 2013 financial year, partly due to uncertainty around the government's planned ultra-fast fiber network. Capex, however, will be within the NZ\$900 million (US\$711.8 million) to NZ\$930 million (US\$735 million) range in the current financial year.
- **Bharat Sanchar Nigam Ltd. announces that Rakesh Kumar Upadhyay will take over as chairman and managing director of the state-run telecommunications company.** Upadhyay was previously chairman and managing director of government-owned Telecommunications Consultants India Ltd. BSNL provides services in 20 of the country's 22 telecom circles and is India's largest government-owned telecom company by sales. Government body Board for Reconstruction of Public Sector Enterprises in April suggested that BSNL merge with Mahanagar Telephone Nigam Ltd. and ITI Ltd. and run the smaller two companies as units, to help the three loss-making companies become more efficient.
- **Bharti Airtel Ltd. posted a worse-than-estimated 31 percent drop in fourth-quarter profit after higher network costs and advertising expenses eroded margins.** Net income in the three months ended in March was 14 billion rupees (US\$314 million), Bharti said. That lagged behind the 16.3 billion rupees (US\$364 million) average of 10 analysts' estimates compiled by Bloomberg. Bharti, controlled by billionaire Sunil Mittal, more than doubled advertising spending after the introduction of third-generation mobile-phone services and number portability increased competition in a country with 15 service providers. Bharti has also increasingly expanded overseas with its purchase of the African assets of Kuwait's Mobile Telecommunications Co. last year.
- **StarHub's net profit surged 62.1 percent year-on-year to S\$69 million (US\$56.13 million) in Q1, with the mobile segment contributing 53 percent of revenue.** The Singapore-based operator's ebitda increased to S\$160 million (US\$129 million) year-on-year as the carrier observed a return on investment in smartphone subsidies made last year. The carrier experienced a 9 percent climb in mobile customer base and mobile revenue registered 3 percent growth for the quarter to S\$296 million (US\$238 million). Mobile revenue boost was due mainly to a higher post-paid subscriber base and higher post-paid ARPU. Post-paid mobile services accounted for 28 percent of mobile revenue. Revenue for equipment sold was 7 percent lower compared to the same period last year, due to lower quantity of handsets sold, although this was mitigated somewhat by higher average selling price per unit.

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- **PT XL Axiata's net profit surged 26 percent to 756 billion rupiahs (US\$88 million) in the first quarter compared with the same period a year earlier, supported by growth in the number of its subscribers.** Its subscribers increased by 21 percent to 39.3 million at the end of March, driving revenue higher by 9 percent to 4.5 trillion rupiahs (US\$525 million) in the first three months of the year compared with the previous year.
- **PT Telekomunikasi's net profit for the first quarter increased slightly to 3.82 trillion rupiah (US\$446 million).** Revenue was 16.71 trillion rupiahs (US\$1.9 billion). Assets as of March 31 were 100.7 trillion rupiahs (US\$12 billion). Indonesia's largest telecommunications operator by customers said its cellular customers surged 21.3 percent as of March 31 to 99.4 million from a year earlier. Fixed-line customers grew 11.1 percent to 27.0 million in addition to a 17.3 percent increase in customers for its wireless-fixed line customers to 18.7 million.
- **Indosat's first-quarter net profit jumped 63 percent to 453.9 billion rupiah (US\$53 million), partly due to foreign exchange gains and lower financing costs.** The company posted first-quarter revenues of 4.88 trillion rupiah (US\$569 million) which booking 459 billion rupiah (US\$53.5 million) in foreign exchange gains due to the local currency's appreciation against the U.S. dollar. Indosat's financing costs declined to 462 billion rupiah (US\$54 million) after the company refinanced some of its debt although outstanding debt reached 23.96 trillion rupiah (US\$2.7 billion), with 56.1 percent denominated in U.S. dollars and the remaining denominated in the Indonesian rupiah. Indosat had 45.7 million subscribers at the end of March, up 21 percent from 35.7 million subscribers a year earlier.

Mobile/ Wireless

- **OnMobile Global Ltd. expects net profit for the quarter to at least double from the prior year.** Net profit for the January-March period increased to 269 million rupees (US\$6 million), while total revenue climbed 8 percent to 1.33 billion rupees (US\$30 million). The company's Ebitda increased to 307 million rupees (US\$6.9 million).
- **Spice Mobility will spend 10 billion rupees (US\$224 million) in the current fiscal year to expand its retail business across the country and invest in research and development programs.** The company also will acquire Indonesian mobile device maker Nexian for at least US\$200 million, Spice Group Chairman B.K. Modi announced. Spice Mobility has already raised US\$100 million through a rights issue to partly-fund the Nexian buyout, Modi said, with the remaining amount will be paid over a period of time. The company is also in talks to acquire a Bangladesh mobile handset maker, Sprint.
- **India's mobile subscriber growth showed no signs of slowing down in the December quarter.** The number of mobile customers increased 9.38 percent over the previous quarter to 687.7 million, according to statistics recently released by regulator TRAI. Indian operators had a combined 64.48 million net adds, and wireless teledensity reached 63.22. Mobile continues to dominate the telephony market, with over 95 percent of total subscribers, and the number of wireline customers further declining to 35.1 million from 35.5 million a quarter earlier. ARPU for GSM services declined 27 percent year-on-year to 105 rupees (US\$2.37), while ARPU of CDMA mobility services declined 17 percent over the same period to 68 rupees.

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Information Technology

- **Infosys Technologies will invest US\$135 million to build a new office in Shanghai, China.** The investment is part of a strategy to strengthen its market share in outsourcing technology services. The company's management was addressing analysts after unveiling a massive reorganization late last week that saw a non-Infosys founder, for the first time, named the chairman of the company and one of the co-founders named as the new chief executive. Infosys named banking veteran K.V. Kamath as the non-executive chairman, replacing chairman and chief mentor N.R. Narayana Murthy, who retires on August 20. It also named S.D. Shibulal, now chief operating officer, as CEO.
- **IBM India Pvt. Ltd., the Indian unit of U.S. technology giant International Business Machines Corp., is focusing on sectors such as banking, the public sector and infrastructure to boost growth in India.** The company is now focusing on other industries for its growth in the world's second-fastest growing major economy. In the infrastructure space, the company is mainly focusing on airports and energy and utilities.

Outsourcing

- **Firstsource Solutions Ltd. will acquire a majority stake in a Sri Lankan business process outsourcing venture.** The Indian back office services provider said the acquisition is part of its strategy to protect margins from competition, high staff turnover and rising wages at home. Firstsource will acquire a 74 percent stake in the business process outsourcing division of Sri Lankan mobile phone operator Dialog Axiata PLC. It will spend US\$1 million for the stake and to infuse capital in the business, said Chief Executive Matthew Vallance. Firstsource has been struggling to compete with large rivals like Tata Consultancy Services Ltd. and Infosys Technologies Ltd. which offer business process outsourcing services through their units and use technology to minimize the deployment of people to cut costs.

United States/Canada

Mobile/Wireless

- **MetroPCS Communications' first-quarter earnings at least doubled due to increasing customer additions.** The company simplified its calling plans, released a 4G network and introduced a lineup of smartphones, moves that have yielded stronger revenue and profit growth, as well as increasing customer loyalty. The company was also able to stave off increasing competition from nationwide players that have been aggressively moving into the prepaid market.
- **Research In Motion Ltd. reiterated its reduced financial guidance.** RIM's stock declined 14 percent after the company cut its earnings projection for its first quarter, which ends in May. RIM said sales in the U.S. and Latin America had slowed and that it sold a greater portion of lower-priced BlackBerry smartphones than originally expected as it faced delays in introducing new products. At its annual developers conference in Orlando, RIM unveiled its newest version of its BlackBerry Bold smartphone, the first to run on the company's new BlackBerry operating system, and video chat for its PlayBook tablet.

Internet

- **Yahoo Inc. Chief Executive Carol Bartz received US\$11.9 million compensation in 2010, less than a quarter of the amount received in the prior year.** Yahoo said Bartz did not receive a bonus on top of her US\$1 million base salary, similar to her compensation in 2009. Much of the disparity

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comes from dramatically reduced options awards, which represented around US\$2.1 million in 2010, but topped US\$29.2 million when she joined the company in 2009. Her stock awards also declined to US\$6.6 million last year from US\$13 million in 2009. Bartz is attempting to turn around the Sunnyvale, Calif.-based Internet giant though that effort has struggled. Yahoo has implemented a search pact with Microsoft Corp. and moved to cut costs, but still faces competition from Google Inc. and Facebook Inc. in its core display advertising business.

- **Google Inc. and Facebook are separately exploring possible partnerships with web video-conferencing company Skype.** Facebook's chief executive, Mark Zuckerberg, has been involved with his company's talks about a potential partnership with Skype. One of the sources cited by Reuters said the social network's plans include a buyout of the Luxembourg-based company, as another said the plans include a joint venture. Google has also held early-stage talks about a possible joint venture with Skype, Reuters cites one of its sources as saying.
- **Twitter has acquired TweetDeck for US\$40-50 million, which includes cash and Twitter stock.** UberMedia was close to acquiring TweetDeck for about US\$25-30 million in February, but an unsolicited counteroffer from Twitter disrupted the deal, according to reports. The Wall Street Journal reported that Twitter was in advanced talks to acquire TweetDeck for about US\$50 million.

Media, Entertainment and Gaming

- **Level 3 Communications Inc.'s first-quarter loss narrowed, though the results were better than expected as revenue and margins in the company's core communications business improved.** Level 3 has now posted quarterly losses for at least two years due to businesses decreasing or putting on hold their spending on Internet-networking services, and analysts have voiced concerns over the company's heavy debt load. The network-services company last month announced that will acquire Global Crossing Ltd. in an all-stock deal valued at about US\$1.9 billion in a bid aimed at expanding the combined companies' global reach and cutting costs through synergies.
- **Time Warner Inc.'s Warner Bros. division is paying about US\$80 million for the Flixster movie application and related Rotten Tomatoes website.** As part of the deal, Time Warner may pay an additional US\$20 million in bonuses aimed at retaining Flixster Inc.'s top executives. The acquisition is intended to give Time Warner customers a place to store the digital movies or TV shows they acquire or rent. Time Warner is expected to make more acquisitions as it expands its digital delivery and marketing ability, Kevin Tsujihara, president of Burbank, California-based Warner Bros. Home Entertainment Group, said.
- **Cablevision Systems Corp.'s first-quarter profit increased 40 percent on higher revenue despite a slowdown in subscriber growth attributed to the weak economy.** A recent acquisition buoyed the company's performance, and it raised its quarterly dividend by 20 percent. Bottom-line results, however, missed analysts' expectations, and Cablevision's shares traded down 2.5 percent to US\$34.39. Cablevision's slowdown comes after its larger counterparts, Comcast Corp. and Time Warner Cable Inc., announced stronger subscriber metrics, although all major cable operators are losing video customers to competition from other telecommunications and satellite TV providers.

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Telecommunications

- **Nortel Networks Corp.'s European units are pressing for US\$10 billion worth of claims against the Canadian parent, including a claim for US\$4.6 billion worth of damages for alleged mismanagement under French law.** The intercompany claims were listed in a report filed publicly by Ernst & Young, monitor of Nortel's Canadian insolvency proceeding. The demands for payment from Nortel's European units would double the size of the claims filed in the Canadian case. If the Nortel European claims survive court tests, unsecured creditors of the Canadian parent will see a significant reduction in the amounts they will receive, Ernst & Young said.
- **Clearwire Corp. had a sharply wider first-quarter loss but recorded subscriber growth.** The company said it will not sell wireless spectrum this year after raising enough cash to operate for at least the next 12 months. Clearwire has benefited from rapid adoption of its 4G wireless services, but it also faces a cash crunch that has forced it to slash costs and to consider selling unused spectrum. Last month, Clearwire and Sprint Nextel Corp., its majority owner and largest wholesale customer, said they had settled a pricing dispute, providing Clearwire with badly needed cash in a new agreement. Interim Chief Executive John Stanton added that although there are spectrum buyers, both strategic and speculative like private equity firms, it makes more sense right now for Clearwire to hold its increasingly valuable spectrum.
- **Leap Wireless International Inc.'s first-quarter loss widened as costs surged.** However, the prepaid mobile company's revenues increased as a continuing sign of a turnaround. Leap, which returned to customer growth in the fourth quarter, registered a second straight period of net customer additions. The company has attracted customers wary of being tied down to a long-term contract. The company however continues to underperform its rivals by posting repeated losses, and customer additions declined by a quarter from a year earlier.
- **Maxcom Telecomunicaciones SAB's bonds are rebounding and yields are down from record levels.** JPMorgan Chase & Co. said the Mexican phone company may win a battle to cut fees charged by billionaire Carlos Slim's America Movil SAB. Yields on Maxcom's dollar bonds due 2014 have declined 286 basis points, or 2.86 percentage points, to 19.219 percent from a record 22.078 percent on April 28. Yields on Mexican corporate dollar debt declined four basis points as those on Latin American utility companies surged nine during the same period, according to data compiled by JPMorgan and Credit Suisse Group AG. Maxcom is asking regulators to reduce interconnection fees charged by America Movil, Latin America's largest wireless carrier. On May 2, regulators ruled in favor of Grupo Televisa SAB in its bid to cut America Movil fees, bolstering speculation that Maxcom will also win its case as the government seeks to curb Slim's dominance in the mobile- phone and fixed-line markets.
- **Frontier Communications Corp.'s first-quarter earnings increased 29 percent as a result of last year's acquisition.** Adjusted results declined in line with analysts' estimates, as the company benefited from the acquisition of operations from Verizon Communications Inc. Frontier roughly tripled in size with the acquisition made in July last year as the move tacked on 4.8 million rural phone lines and 11,000 workers. Smaller and regional telecommunications providers have been consolidating in response to a sharp drop in consumers using landlines. Frontier had a profit of US\$54.7 million, or 5 cents a share, up from US\$42.6 million, or 14 cents, a year earlier, with the number of shares outstanding tripling from a year earlier. Excluding items such as acquisition and integration costs, earnings declined to 6 cents from 16 cents.

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- **Telus Corp.'s first-quarter results came in ahead of analyst expectations as continued growth in the smartphone market fueled a 44 percent jump in wireless data revenue.** The company also increased its quarterly dividend nearly 5 percent to 55 Canadian cents a share and said it's targeting two dividend boosts a year in the range of about 10 percent annually. Telus said postpaid wireless subscriber growth of 52,000 was offset by 20,000 prepaid losses. Net subscriber additions were down 37 percent, hurt by the loss of a federal wireless service contract. Smartphones represented 54 percent of postpaid gross additions, up from 33 percent a year earlier. Smartphone subscribers now represent 38 percent of total postpaid subscribers. Wireless ARPU surged 3.7 percent.
- **CenturyLink Inc.'s first-quarter profit slid 16 percent, as revenue declined.** The rural telecommunications provider continues to suffer from declines in its traditional phone business. Like many of its peers in the telecom sector, CenturyLink, which provides landline phone services to rural areas, has seen its subscribership decline amid a market increasingly saturated with cell phones. The industry has consolidated to help shield itself from that drop. CenturyLink, which added 52,000 high-speed Internet customers during the quarter and ended the period with about 2.4 million subscribers, has embarked on a buying spree as it aims to broaden its business, offset access line losses and capitalize on various areas of growth. The latest results didn't include CenturyLink's acquisition of Qwest Communications, a US\$10.6 billion deal that closed at the beginning of April to form the nation's third-largest landline communications company. The company also continues to integrate its US\$5.8 billion purchase of Embarq, the former landline business owned by Sprint Nextel Corp.
- **America Movil SAB's net profit increased 12.1 percent in the first quarter from a year ago.** Net profit increase was driven by increased revenue from subscriber growth as well as lower financing costs. America Movil had net profit of 23.5 billion pesos (US\$1.97 billion) for the January-March period. Revenue increased 6.3 percent from a year earlier to 156.2 billion pesos (US\$13.4 billion) as the company, Latin America's largest mobile phone operator, added close to 6 million wireless subscribers for a total of 231 million, and 1.5 million subscriptions to fixed-line services such as phone, Internet and pay television for a total of 53 million. In the third quarter of 2010, America Movil began consolidating the results of Mexican fixed-line company Telefonos de Mexico SAB and Telmex Internacional SAB. All three companies are controlled by businessman Carlos Slim.
- **Telefonos de Mexico SAB's net profit slid 17 percent to 3.76 billion pesos (US\$325.5 million) during the first quarter as the company continued to lose customers.** The results were worse than anticipated, as revenue in the period dipped 3.6 percent on the year to 27.55 billion pesos (US\$2.4 billion). The market was looking for quarterly net profit of 4.06 billion pesos (US\$349 million) on sales of 27.79 billion pesos (US\$2.4 billion), according to the median of estimates Dow Jones Newswires received from five equities analysts. Earnings before interest, taxes, depreciation and amortization decreased 6.7 percent to 11.35 billion pesos (US\$976 million), for a margin of 41.2 percent, as operating profit totaled 6.66 billion pesos (US\$572 million).
- **American Tower Corp.'s first-quarter profit declined 4.6 percent as operating margins declined and interest expenses surged, offsetting better-than-expected revenue growth.** Cell-tower operators have generally benefited from increased mobile usage, prompting wireless carriers to spend more on upgrades. The company has also focused on expanding its global footprint, as it moves to diversify. American Tower posted earnings of US\$91.8 million, or 23 cents a share, down from US\$96.3 million, or 24 cents a share, a year earlier. Revenue jumped 24 percent to US\$562.7 million.
- **AOL's first-quarter profit declined 86 percent as declining subscription sales overshadowed the first gain in display advertising in at least three years.** Net income declined to US\$4.7 million

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while sales slid 17 percent to US\$551.4 million, AOL said, topping the US\$533.4 million average of estimates compiled by Bloomberg.

- **Novatel Wireless Inc.'s first-quarter loss widened due to weak sales and margins.** The company however forecasted that current-quarter results would be above consensus estimates. Shares wireless technology company were up 7.3 percent at US\$5.90 after hours. The stock has fallen 9.4 percent in the last year as the wider market has climbed. Chairman and Chief Executive Peter Leparulo said the company has made considerable progress rolling out its first next-general 4G products. For the current quarter, it predicted the adjusted bottom line would range from a 10-cent loss to break even, on revenue of US\$112 million to US\$122 million. Analysts surveyed by Thomson Reuters seen a 10-cent loss and US\$96 million in revenue, respectively.

Networking

- **Cisco Systems Inc. will streamline its sales, services and engineering operations as it refocuses on its key networking business and simplifies its oft-criticized management structure.** The company has struggled to expand beyond its core business of routers and switches, focusing its attention on as many as 30 different directions. That distraction has allowed rivals such as Juniper Networks Inc. to take market share and has led to criticism from analysts and investors. Cisco would streamline its operations by geographic regions and customer segments to focus on what it said are the five areas driving the growth of networks and the Internet - routing, switching and services; collaboration, which includes Cisco's web conferencing products; data-center virtualization and cloud computing; video; and architectures for business transformation, which helps businesses get the different products needed to establish their networking infrastructure.

Semiconductors

- **Applied Materials Inc.'s US\$4.9 billion purchase of Varian Semiconductor Equipment Associates Inc. may trigger a round of acquisitions in the chip-machinery industry, making companies such as Novellus Systems Inc. possible targets.** Applied Materials, the world's biggest maker of equipment that creates semiconductors, said it is paying a 55 percent premium for Varian, to help regain ground in a business where it had lost market share. Executives across the chipmaking industry may follow with their own deals to add revenue and lessen price pressure as taking advantage of low borrowing costs, said Patrick Ho, an analyst at Stifel Nicolaus.

Software

- **Microsoft Corp. had a 4 percent decrease in revenue from its core Windows franchise, dimming an otherwise accelerating fiscal third-quarter performance by its Office, Xbox and server divisions.** Enterprises have been replacing aging computer hardware with new gear running software from the tech giant, but the weak Windows performance suggests that a share of that spending may be directed toward mobile devices where Microsoft isn't expected to have a major presence until next year. The quarter also set another milestone in Microsoft's competition with Apple Corp. For the first time, Microsoft's profit of US\$5.2 billion was less than the US\$5.99 billion Apple earned in its fiscal second quarter ending in March. Apple had already passed Microsoft in market capitalization last year.

Hardware

- **Apple Inc. saw its share of the global smartphone market continue to climb in the first quarter, closing the gap on market-leader Nokia Corp., according to data from IDC.** IDC said Apple ended the first quarter with 18.7 percent of the global smartphone market, up from 16.1

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percent in the fourth quarter. The growth came as the company expanded its popular iPhone into new carriers such as Verizon Wireless. Nokia saw its own share of the market slip further, to 24.3 percent from 28 percent in the fourth quarter. The Finnish cellphone maker is undergoing a massive restructuring effort and is seen to launch new smartphones using the Windows Phone 7 operating system from Microsoft Corp. sometime next year.

Europe

Mobile/ Wireless

- **Sony Ericsson isn't affected by the computer hack that may have compromised the personal information of as many as 100 million PlayStation users.** Sony and Sony Ericsson's data resides on different servers. Sony Ericsson released its Xperia Play phone, the first handset to meet the standards of Sony's new PlayStation Certified distinction. The certification is a set of specifications laid out by Sony to allow handsets based on Google Inc.'s open Android platform to play older PlayStation games on mobile phones and tablet computers, as the devices become more important to the company's overall strategy. Sony Ericsson has formed partnerships with 20 gaming developers, and the titles available for Xperia Play include original PlayStation games, a number of 3D titles, and various casual games optimized for the handset.
- **Nokia is handing control of Symbian development to consultancy Accenture, and has revealed job cuts of 7,000.** Accenture will take over software development and support services, along with 3,000 Nokia employees in five countries. The companies will close the deal during the summer and complete staff transfers by the year-end. Nokia will also lay off 4,000 more employees, mostly in Finland, Denmark and the UK, as part of a bit to cut 1 billion euros (US\$1.47 billion) in handset R&D spending. The firm is already well placed to handle Symbian development. David Wood, tech strategy lead at Accenture's recently-formed embedded software services division, is a former Symbian executive with a wealth of knowledge and experience of the platform. Nokia angered loyal users a fortnight ago by failing to provide promised details of its strategy for Symbian, revealing instead that an updated version of the platform named Anna will be released in two forthcoming smartphones.

Telecommunications

- **Telenet Group Holding N.V., Belgium's second-largest telecommunications firm, said first-quarter net profit tripled to 42.8 million euros (US\$61.2 million), driven by a one-off gain on interest-rate derivatives.** The quarter included a 37 million euros (US\$52.9 million) derivatives gain, as the same period last year was negatively affected by a 32 million euros (US\$45.7 million) derivatives loss. Excluding the impact of derivatives and other one-time items, profit for the quarter was 11.1 million euros (US\$15.9 million). Telenet said its profits were impacted this quarter by higher interest and income tax expenses. In the same period a year ago, the firm benefited from booking a deferred tax asset; its interest payments surged because of a higher debt level and paying higher interest rates on its debt, the result of a debt maturity extension. Quarterly revenue surged 5 percent to 331.6 million euros (US\$474 million) which the company attributed to the addition of new subscribers and switching existing ones to more expensive digital services.
- **French telecom operators will bear an investment burden of 20 billion euros (US\$28.6 billion) over the next 15 years, cited Jean-Ludovic Silicani, head of Arcep, the country's telecom regulator.** The investment, which represents 1.5 billion euros (US\$2.1 billion) a year, will come on top

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of the money phone companies have already budgeted for the maintenance of fixed and mobile networks, Silicani says. Investment by domestic telecom operators reached 6 billion euros (US\$8.6 billion), a historical high, he says, adding that he is satisfied with the current level of competition in the market. The Arcep head also tells the paper that sales of mobile phone operators are increasing by between 1 percent and 2 percent a year, as tariffs decline by between 3 percent and 4 percent a year.

- **Magyar Telekom Nyrt., in cooperation with Swedish telecommunications technology firm Ericsson, will develop Hungary's high-speed broadband mobile network.** The companies will develop Hungary's high-speed downlink access, or HSPA+ network, providing access to 21 megabit per second Internet access in 100 percent of Hungary's area. Magyar Telekom was hit by a hefty extraordinary tax imposed on the sector by the government last year until 2013. Nevertheless, Magyar Telekom is ready to carry on with investments in Hungary.
- **The Hungarian government will auction licenses for additional frequencies for mobile telecommunications possibly in the third quarter.** The auction will provide licenses for additional frequencies in the 900MHz band after the parliament approves the necessary regulations. These regulations are likely to be ready by the end of the first half of this year. The government aims to increase competition in the mobile telecoms market with the sale of additional licenses. Magyar Telekom Nyrt., the Hungarian unit of Deutsche Telekom AG; and the Hungarian units of the U.K.-based Vodafone and Norway's Telenor ASA hold rights for frequencies in the 900 MHz band in Hungary.
- **Swisscom AG will achieve 600,000 digital TV subscribers in 2011 and is prepared to fight rivals to get to one million users in the next few years.** Increasing income from TV is part of Swisscom's strategy to offset price erosion in its mobile phone business. The company added 48,000 Swisscom TV users in the first quarter of 2011, taking its total to 469,000. In the first quarter of 2010, the division added 42,000 subscribers. CEO Carsten Schlöter said the TV business was profitable on a recurring basis, when the cost of attracting new customers was removed, but declined to reveal margins. Customers were attracted by Swisscom's pricing, on-demand content and reliability, which meant Swisscom had no disadvantages against its main rival, Cablecom.
- **Swisscom AG expects an improvement at its troubled Italian unit Fastweb in the second half of the year.** The division saw sales decline 5.8 percent in the first three months of 2011 to 435 million euros (US\$622 million), as the company reduced its product portfolio in order to reduce costs and bad debt losses. Operating profits surged 87.7 percent to 107 million euros (US\$153 million), although last year's figure was affected by a 70 million euros (US\$10.1 million) provision to cover an ongoing investigation into alleged value-added tax fraud. When this comparison was removed, operating profit declined by 20 million euros (US\$28.6 million) or 15.7 percent.
- **Telekom Austria AG slightly raised its bid for a 51 percent stake in Serbian telecommunications company Telekom Srbija.** The company is offering up to 1.1 billion euros (US\$1.6 billion) in cash for the stake after the Serbia promised the Austrian company more attractive conditions. However, the new bid is still below Serbia's initial demand of at least 1.4 billion euros (US\$2 billion). Telekom Austria's new offer consists of 800 million euros (US\$1144 million) as a cash payment due at the closing of the transaction and deferred annual cash payments over a period of nine years after closing. The Serbian government's working group tasked with analyzing Telekom Austria's offer is expected to make an announcement on the subject following a meeting, a spokesman for Serbia's finance ministry cited.

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- **Deutsche Telekom AG said first-quarter operating profit declined as European operations outside Germany continued to suffer from a slow economy and with no sign of a turnaround at T-Mobile USA.** That figure includes T-Mobile USA, which Deutsche Telekom is selling to AT&T Inc. for US\$39 billion in cash and stock. Net profit slumped 37.4 percent to 480 million euros (US\$686 million). Operating profit in Germany climbed 3.7 percent in the quarter, making the country once more Deutsche Telekom's safe haven as the company deals with unfavorable economic conditions in parts of Europe and struggles to attract contract customers in the U.S.; T-Mobile USA lost 471,000 contract customers on a net basis in the period as both sales and profit declined.
- **Telecom Italia SpA confirmed full-year targets despite a sharp fall in first-quarter net profit.** The company expects accelerating performance in Brazil and Argentina would offset continued weakness in its domestic market. Italy's largest telecommunications operator stuck with its 2011 targets for broadly stable revenue and earnings before interest, taxes, depreciation and amortization, but analysts noted the domestic outlook remains challenging. First-quarter net profit declined 8.7 percent to 549 million euros (US\$786 million), when the figure didn't include the consolidation of Telecom Argentina SA, missing analysts' forecasts for net profit of 559 million euros (US\$799.9 million). Telecom Italia reached a deal with the Wertheim Group to boost its stake in the holding company that controls Telecom Argentina, in a move that strengthened its international presence.
- **Huawei took another step forward in its plans to boost its devices business outside of China with the appointment of former Samsung and Nokia executive Mark Mitchinson as its U.K. and Ireland vice president.** The company said that Mitchinson will head up the sales and marketing activities for its devices portfolio as it looks to establish itself as a major consumer-facing brand. Huawei expects to ship between 12 million and 15 million smartphones worldwide in 2011, compared to 3.3 million in 2010, as it aims to turn its devices division from a US\$5 billion business into a US\$20 billion business in the next five years. The equipment maker has traditionally concentrated on producing white label products for its operator partners, but now the company has set about developing Huawei as a handset brand in its own right in a bid to become one of the world's top five device makers by 2013.
- **France Telecom SA confirmed its full-year outlook after posting in-line first-quarter results despite heightened competitive pressure at home and difficult conditions in some emerging markets.** In France, the group's largest market, operators are preparing for the arrival of fourth mobile operator Iliad SA's Free Mobile next year, and competing fiercely with new offers in a bid to win over customers from rivals. France Telecom in February warned that this intense competition is weighing on margins in France, which accounts for at least half of the company's revenue and profit. An increase in value added tax has increased the pressure on operators even further in France as local law allows customers to change contracts in the four months following a tax change. France Telecom said first quarter earnings before interest, taxes, depreciation and amortization, or Ebitda, the company's preferred measure of profitability, declined to 3.73 billion euros (US\$5.34 billion), slightly missing analysts' forecasts of 3.77 billion euros (US\$5.4 billion) and giving the group a margin of 33.3 percent.

Internet

- **The European Commission is investing an initial 90 million euros (US\$129 million) in the first phase of a five-year public-private partnership, matched by funding from private companies and organizations across the European Union.** Work began on a robust new architecture for a future Internet capable of handling an exponential surge in data volumes with the release of a 600

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million euros (US\$858 million) investment project. Internet data traffic is increasing by 60 percent a year, the commission says, and the project is designed to support innovation and develop Internet solutions capable of managing the exponential surge in mobile online data. The commission has promised a 300 million euros (US\$429 million) investment.

Information Technology

- **Cap Gemini SA had first-quarter sales climbed 15 percent, beating analysts' estimates, as business rebounded in North America.** Revenue increased to 2.35 billion euros (US\$3.49 billion). Sales exceeded the 2.29 billion-euro average of seven analysts' estimates compiled by Bloomberg, with North American sales up 10 percent. Cap Gemini reiterated a target of 9 percent to 10 percent group revenue growth this year, with organic revenue growth may exceed 4 percent to 5 percent, Chief Executive Officer Paul Hermelin said on a conference call with reporters. Cap Gemini is looking to guard market share and win new customers as French rival Atos Origin SA prepares to merge with Siemens AG's computer services unit. To strengthen its position, Cap Gemini is pushing further into the energy industry, working with Intel Corp. on home energy-management equipment.

South Africa/Middle East/Latin America

Telecommunications

- **TIM Participacoes SA said its net profit almost quadrupled in the first-quarter as revenue increases combined with declines in amortization and depreciation declined in the period.** The Brazilian unit of Telecom Italia SpA had first-quarter net profit of 213.4 million reais (US\$135 million). TIM's results include Intelig, a local long-distance operator acquired by TIM in 2009. The company's net revenue increased to 3.75 billion reais (US\$2.3 billion). TIM's costs with appreciation and amortization totaled 682.8 million reais (US\$422.6 million) in the first-quarter of 2011. TIM said earnings before interest, taxes, depreciation and amortization, or Ebitda, increased 9 percent to 1.03 billion reais (US\$637 million). The Ebitda margin ended the first-quarter at 27.5 percent.
- **Telecom Argentina had its first-quarter net profit increased 53 percent thanks in part to financial gains.** Net profit was 628 million pesos (US\$154 million). The bottom line was boosted by a financial gain of 98 million pesos (US\$24 million) after the company paid down most of its debt last year. Telecom Italia SpA and Argentina's Wertheim family control the company, which ranks as one of the country's largest telecommunications providers. Argentina's corporations face significant cost pressures because of rising consumer prices that have led unions to demand hefty wage surges. Nearly all private-sector economists say annual inflation is anchored well above 20 percent; the government put inflation at a more benign 9.7 percent at the end of March.
- **Tele Norte Leste Participacoes had a net loss of 395 million Brazilian reais (US\$250 million).** The company attributed the loss to the reduction of its revenues and also to the revision of the calculation of some of its taxes payments. In the first-quarter, the company had net revenue of 6.9 billion reais (US\$4.3 billion). Ebitda decreased to 1.98 billion reais (US\$1.2 billion). Fixed-line customers declined to 19.7 million while fixed-line broadband customers increased to 4.5 million from 4.26 million, as mobile customers were up to 41.4 million, from 36.6 million in the year ago period.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 5/6/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	80.6200	-0.7%	-5.0%	-0.7%	-13.2%
Hong Kong dollar	HK\$/ US\$	7.7710	0.1%	-0.03%	-0.02%	0.2%
Chinese renminbi	RMB/ US\$	6.4925	0.04%	-0.7%	-1.5%	-4.9%
Singapore dollar	S\$/ US\$	1.2393	1.3%	-1.7%	-3.4%	-11.8%
South Korean won	KRW/ US\$	1,085.1000	1.6%	-0.1%	-3.2%	-6.8%
New Taiwan dollar	NT\$/ US\$	28.6000	-0.2%	-2.4%	-1.9%	-10.5%
Australian dollar	US\$/A\$	1.0686	-2.5%	3.5%	4.7%	19.1%
New Zealand dollar	US\$/NZ\$	0.7907	-2.3%	3.0%	1.5%	9.2%
Philippine peso	PHP/ US\$	43.0700	0.7%	-0.6%	-1.3%	-7.3%
Euro	US\$/€	1.4308	-3.3%	0.6%	7.0%	-0.1%
British pound	US\$/£	1.6368	-2.0%	0.5%	4.9%	1.3%

Fixed Income Prices and Yields

Note	Currency	Current (on 5/6/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	107.70	4.29%	105.81	4.40%	103.95	4.51%
Japan 30-year	¥	102.61	2.06%	101.15	2.14%	99.98	2.20%
Hong Kong 10-year	HK\$	98.22	2.52%	97.48	2.63%	96.39	2.76%
China (06/16)	US\$	105.59	3.52%	105.37	3.52%	105.12	3.59%
Singapore 10-year	S\$	107.05	2.40%	107.00	2.41%	107.05	2.41%
South Korea 20-year	KRW	10,374.27	4.61%	10,326.31	4.64%	10,370.37	4.58%
Australia 15-year	A\$	102.34	5.47%			101.37	5.58%
New Zealand (12/17)	NZ\$	105.63	5.24%	104.09	5.44%	102.47	5.65%
Philippines 20-year	PHP	130.34	8.13%	130.77	8.10%	129.32	8.22%
India 30-year	INR	96.70	8.61%	97.66	8.52%	99.34	8.36%
UK 30-year	£	100.64	4.22%	101.01	4.20%	97.76	4.39%
Germany 30-year	€	118.61	3.69%	118.04	3.74%	115.09	3.87%

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