



IRG Technology, Media and Telecommunications Weekly Market Review

Week of 9 May 2011 - 15 May 2011

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IRG Technology, Media and Telecommunications

Weekly Market Review



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Table of Contents

Equity Market Indicators	3
Technology, Media, and Telecommunications Market Activity	4
Weekly Highlights	5
International	5
Japan	7
Korea	8
China	8
Taiwan	11
Hong Kong	11
Singapore/Malaysia/Philippines/Indonesia/India/Australia	11
United States/Canada	15
Europe	18
South Africa/Middle East/Latin America	20
Other Economic Data	22
Currency Exchange Rates	22
Fixed Income Prices and Yields	22

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IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

Equity Market Indicators					
Index	Closing Level (5/13/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,337.77	-0.2%	1.8%	6.4%	20.0%
Dow Jones Industrial Avg.	12,595.75	-0.3%	2.7%	8.8%	20.8%
Dow Jones Tech. Index	466.75	-0.4%	3.1%	3.7%	15.9%
Dow Jones Telecom. Index	246.14	-1.2%	-1.1%	5.0%	12.1%
NASDAQ Composite	2,828.47	0.0%	3.0%	6.6%	24.6%
Japan Nikkei 225	9,648.77	-2.1%	1.0%	-5.7%	-8.5%
JASDAQ	52.15	-0.2%	4.6%	-0.3%	7.8%
Japan Mothers	463.46	-2.1%	8.4%	6.9%	11.3%
Korea KOSPI Composite	2,120.08	-1.3%	1.5%	3.4%	26.0%
Korea Kosdaq	507.28	0.2%	-3.4%	-0.7%	-1.2%
Taiwan Stock Exchange	9,006.61	0.3%	3.1%	0.4%	10.0%
Singapore Strait Times	3,711.04	3.3%	3.2%	-5.0%	24.0%
Hong Kong Hang Seng	23,276.27	0.5%	-2.9%	1.0%	6.4%
Hong Kong GEM	770.61	0.9%	-1.4%	-4.9%	13.8%
China Shanghai (A-Share)	3,006.67	0.2%	-5.0%	2.3%	-12.5%
China Shenzhen (A-Share)	1,257.14	0.5%	-5.6%	-7.0%	-0.3%
China Shanghai (B-Share)	301.61	0.2%	-7.4%	-0.9%	19.5%
China Shenzhen (B-Share)	781.35	-0.9%	-6.5%	-5.3%	24.8%

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

Technology, Media, and Telecommunications Market Activity						
NASDAQ/NYSE TMT IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
5/6/11	IntelPeer, Inc. [NASDAQ: PEER]	Network	100.0	Cloud-based communications service provider	JPMorgan Chase & Co., Deutsche Bank AG, and Barclays Plc	Royal Bank of Canada and William Blair & Co.

NASDAQ/NYSE Equity Markets: TMT IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 5/13/11	% Change From Offer
05/11/11	Phoenix New Media Limited [NYSE: FENG]	Operates a leading news and premium content web site (ifeng.com) in China	140.0	11.00	13.10	-1.7%
5/10/11	FriendFinder Networks [NASDAQ: FFN]	Online adult social networking and multimedia entertainment company.	50.0	10.00	7.66	0.2%
5/10/11	Jiayuan.com International Ltd. [NASDAQ: DATE]	Chinese online dating site with over 40 million registered users	78.0	11.00	10.70	0.01%

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 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						

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

Weekly Highlights

International

Mobile/ Wireless

- **Traffic on mobile networks worldwide will increase to 33 times the current level by 2020, with around half of the growth coming from video, according to the UMTS Forum.** Traffic will reach a staggering 127 Exabytes annually by that date, the industry body revealed at a round table discussion in London. Further, by 2025 the figure will hit 351 EB, up 174 percent on the 2020 number. Telcos are increasingly looking at ways to remove traffic from their networks, with WiFi offload emerging as one solution to over-burdened infrastructure.
- **Total handsets sold to end-users globally will reach 1.46 billion in 2011 and smartphone sales will account for 27 percent of total handset sell-through, according to Pyramid Research.** Driven by demand for inexpensive Android models, the figure will almost double to 53 percent in 2015. Much of the projected total market growth in 2011 will come from the Africa and Middle East (AME) region, which will see an accelerating demand for low-end smartphone models, ultra low-cost handsets and dual-SIM and full touch-screen feature phones. The main drivers of the demand in the developed markets will be the launches of a number of flagship high-end devices and new features and technologies. However, inexpensive smartphone models, particularly those from Huawei and ZTE, are also expected to be in high demand in some of the richest Western European, Asian and North American markets.
- **The worldwide smartphone market increased 79.7 percent year over year in the first quarter of this year, according to a study by IDC.** This growth was driven by a combination of vendors releasing anticipated models, availability of older smartphones at lower prices, and sustained end-user demand. According to IDC, smartphone vendors shipped a total of 99.6 million units in Q1 this year, nearly double from the 55.4 million units in the first quarter of 2010. Nokia maintained its position in the smartphone market with a market share of 24.3 percent. Demand for Symbian-powered smartphones remained strong within markets of EMEA and Asia/Pacific, and the company continues to offer more devices running on Symbian, including the E6 and the X7. Apple ranked second and its market share increased 18.7 percent. Apple had triple-digit growth in two markets, including the U.S., with the release of its CDMA-enabled iPhone, and Greater China.

Hardware

- **Apple's iPhone shipments jumped 15 percent sequentially in the first quarter, as the company bucked the relative weakness seen by much of the sector and narrowed the lead held by No. 1 smartphone shipper Nokia Corp., according to IHS iSuppli.** The latest period reflected a "bump in the road," with smartphone shipments declining from the previous three months for the first time since the beginning of 2009. The researcher attributed the decline to inventory control efforts and continues to see robust long-term growth for smartphones. Total first-quarter smartphone shipments declined 1.5 percent sequentially to 97.2 million units. On-year, shipments were up 74 percent. Apple's quarter-to-quarter results were the strongest among the top five brands. Nokia saw shipments decline 15 percent, as BlackBerry maker Research In Motion Ltd. had a 4.2 percent increase. Apple captured 19.2 percent of the market. The leader's 5.7-percentage-point lead was down 12.2 percentage points in the fourth quarter.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

- **Apple is now the world's most valuable brand, across all sectors, outstripping arch-rival Google which has topped the leaderboard for the past four years, according to BrandZ Top 100 study published.** Microsoft published financial results that showed its quarterly profit had slipped behind Apple's for the first time ever, and in the same quarter Apple overtook Nokia to become the world's largest handset maker by revenue, according to Strategy Analytics. Apple saw its brand value grow by 84 percent over the past year to reach US\$153.3 billion, the sixth annual BrandZ Top 100 Most Valuable Global Brands study, compiled by Millward Brown, showed. The consumer electronics group has seen its brand value grow by a staggering 859 percent since 2006, to leave it ahead of Google, which came in at number two with a brand value of US\$111.5. Microsoft ranks fifth in the list, 2 percent growth giving it a 2011 brand value of US\$78.2 billion, as Nokia's brand value registered a 28 percent slide year-on-year to US\$10.7 billion, leaving it in 81st place.
- **Increasing sales of internet-enabled or connected TVs will help push video service providers to move quickly to develop offerings that combine elements of conventional pay TV with OTT internet video in an effort to maintain service revenues, according to Heavy Reading Insider.** The study also indicates that connected TVs offer a simple alternative to other device-based OTT video consumption - one that now poses a threat to pay TV service provider revenue. Connected TV platforms are replicating essentially all the functions of pay TV services, with an increasing amount of both free and paid content to choose from. The study forecasts that pay-TV service providers cannot afford to ignore the impact that connected TVs will have on their business, as service vendors must consider connected TV makers as a new route to market for their technology.
- **Worldwide shipments of 3-D TVs will increase 463 percent to reach 23.4 million units this year, according to IHS iSuppli research.** This growth will be driven by a change in marketing and promotion strategies as well as price declines and availability of content. The 3-D TV shipments will expand by a factor of 5.5 from 4.2 million units last year. Another year of triple-digit growth is expected in 2012 with shipments to soar by 132 percent to 54.2 million units. Global shipments will breach the 100-million-unit mark by 2014 and then hit 159.2 million in 2015. Prices for 3-D TVs declined 9 percent during March this year from February.

Telecommunications

- **70 percent of cloud service users will access hosted applications via mobile broadband rather than fixed in five years, predicted Ericsson this week during its third annual Business Innovation Forum.**

Software

- **Piracy cost the software industry a record US\$58.8 billion last year, a 14 percent increase driven by increasing computer use in emerging economies like China.** The Business Software Alliance, a trade group that includes tech giants like Apple and Microsoft, warned that the economic impact of illegal software use will continue to increase if authorities in the world's hottest economies don't show they're serious about stamping out theft. Emerging economies accounted for over 54 percent of global software losses, up from 52 percent the previous year and less than a third six years ago. In a worrisome sign, those countries made up over half of all computer shipments worldwide for the first time last year, but they held less than a fifth of the value of paid software licenses. China continues to be the biggest challenge for the industry, with software losses increasing 3 percent, to US\$7.8 billion, to remain second only to the US\$9.5 billion cost in the U.S. As the piracy rate in China edged down by a percentage point, to 78 percent, that means nearly four out of five programs installed there are unlicensed versus just one out of five in the U.S.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

- **The worldwide enterprise software market showed broad growth and recovery in 2010 with total software revenue increasing 8.5 percent annually to a worldwide market size of US\$245 billion, according to Gartner.** Three of the top five vendors experienced revenue gains above the industry average. Microsoft maintained the number one position as it increased its worldwide enterprise software revenue market share to 22.4 percent in 2010. Growth results were enhanced in 2010 by the broader adoption of new releases of the Windows 7 operating system and Microsoft Office 2010 productivity software. IBM maintained its number two ranking in 2010 as it had in 2009. The company's software revenue increased at least 5.7 percent in 2010, mainly due to its WebSphere, Tivoli, Information Mgmt., Operating Systems and Rational brands.

Japan

Mobile/ Wireless

- **Handsets running Google's Android software captured 57 percent of Japan's smartphone market last fiscal year, cutting the share of Apple's iPhone, MM Research Institute Ltd. said.** Shipments of Android phones increased to 4.91 million units in the year ended March 31, compares with sales of 250,000 units, or 11 percent of the market, a year earlier when devices running Google's software started to be widely available in Japan. Apple shipped 3.23 million iPhones in Japan in the last fiscal year, accounting for 38 percent of the nation's smartphone market. Sharp which introduced its first Android model in June 2010, was second with a 24 percent share of shipments, followed by Sony Ericsson Mobile Communications AB's Xperia with 9.8 percent.
- **NTT DoCoMo announced an agreement with Twitter to develop mobile apps and services incorporating features of the social network site.** DoCoMo said it will first incorporate real-time tweets and other content into the search results on its i-mode portal (for feature phones) and DoCoMo market (for smartphones) either late this year or early into the next.

Telecommunications

- **Japan's NTT may pay US\$263 million to maintain its 20% stake in PLDT if PLDT close the acquisition of a controlling stake in Digitel in a transaction that could involve a share-swap component.** DoCoMo first acquired its 7% holding in March 2006.
- **NTT announced that it would purchase 70 percent of Australian technology services firm Frontline Systems.** Frontline, which was established in 1992/1993 and provides IT infrastructure, consulting and managed services — with key relationships with HP, IBM and Oracle's Sun Microsystems. The acquisition is NTT's second major step into the Australian market, following the acquisition of tier two IT services player Dimension Data in mid-2010. Frontline is forecasting sales revenue of US\$277 million this financial year to June. Frontline company has datacentres, warehousing and sales operations in Brisbane, Sydney, Canberra, Melbourne, Adelaide and Singapore.
- **Japan's third-largest mobile carrier Softbank's net profit for the three months ended March increased to 47.41 billion yen (US\$586.9 million), and its full-year operating profit hit a record high for the sixth-straight fiscal year, as demand for iPhone continued to underpin its earnings.** Smartphones represent one of the few growth areas in Japan's otherwise saturated mobile phone market. Softbank is the only local carrier of the iPhone, helping it to win new customers and generate more revenue from data transmission. The company's operating profit for the quarter increased 48 percent to 147 billion yen (US\$1.8 billion), as revenue increased 5 percent to 754.74 billion yen (US\$9.3 billion). Softbank's full fiscal year net profit doubled to 189.71 billion yen (US\$2.3

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

billion). Operating profit increased 35 percent to a record 629.16 billion yen (US\$7.8 billion), as its revenue increased 8.7 percent to 3.005 trillion yen (US\$37.2 billion).

- **Softbank has invested US\$62.5 million into online shopping destination operator Gilt Groupe.** Softbank will acquire a 50 percent stake in Gilt Groupe KK to accelerate Gilt Groupe KK's expansion in Japan.

Korea

Telecommunications

- **KT Corp.'s first-quarter earnings soared 84.7 percent from one year ago to 555.2 billion won (US\$513.6 million), helped by increased smartphone sales and a one-off gain from a stake sale.** Sales increased 6.1 percent from one year ago to 5.3 trillion won (US\$4.9 billion) in the quarter and operating profit increased 61.7 percent to 726.3 billion won (US\$668 million). KT said the number of its smartphone subscribers reached 3.83 million as of the end of March, accounting for 23 percent of its subscriber pool. KT, also the second-largest mobile carrier after SK Telecom Co., was the sole distributor of iPhone until SK Telecom began offering the hit smartphone in March. KT sold at least 2 million iPhones as of January. Its wireless data sales increased 39.5 percent from one year ago with smartphone subscribers using mobile phones to surf the Web and use mobile applications. KT will introduce at least 25 smartphone models this year, including the Galaxy S2 smartphone from Samsung Electronics Co. It started sales of the iPad 2 last month.

China

Internet

- **ChinaCast Education booked a net income of US\$5.7 million in the first quarter of 2011, up 24 percent on an annual basis.** ChinaCast saw total revenue for the quarter increased 43 percent year-on-year to US\$22.8 million, of which the company's traditional university-based courses generated US\$15.4 million, a gain of 69 percent year-on-year, as student enrollments increased to 32,600 from 20,400 in the year-ago period. The company's electronic learning programs revenue increased 7 percent year-on-year to US\$7.3 million as the number of post-secondary enrollments increased to 144,000 from 141,000 in the first quarter of 2010. Total net revenue will be between US\$94 million to US\$96 million, representing a year-on-year gain of 21-23 percent.
- **Sina Corp.'s first-quarter net profit declined a greater-than-expected 38 percent to US\$15 million as the company increased investment in its microblog service, and it pledged to further speed investment in the service as its key growth driver.** The result was below the average net profit forecast of US\$17.7 million. Sina is betting that heavy investment in its popular microblog service, Sina Weibo, will pay off in the longer term by recharging its growth in online advertising and bringing in revenue from new areas like e-commerce and online games. Revenue increased 18 percent to US\$100.2 million. Advertising revenue increased 33 percent to US\$72.3 million, as non-advertising revenue declined 9 percent to US\$27.9 million. Gross margin declined to 53.2 percent.
- **Tencent Holdings Ltd. delivered a better-than-expected 61 percent increase in first-quarter net profit to 2.87 billion yuan (US\$442 million) on the back of an acquisition and higher revenue from online games.** Revenue increased 50 percent to 6.34 billion yuan (US\$975 million). Tencent's revenue from Internet value-added services jumped 55 percent to 5.25 billion yuan (US\$808

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

million) due to growth in its online games and online community businesses. As of March 31, it had 674.3 million active instant-messaging user accounts, up from 647.6 million at the end of 2010. Tencent is looking to expand its revenue from areas outside its core businesses of online games, messaging services and social networking. Tencent expects revenue and net profit growth to slow this year.

- **Alibaba Group Holding Ltd. spun off its Alipay online-payment business to a different company without the knowledge or consent of its board or shareholders, Yahoo! Inc. said.** Yahoo and Softbank Corp., owners of stakes in Alibaba Group, didn't learn until March 31 of the transfer, which happened in August, Yahoo said. Alibaba shifted ownership of Alipay to a company mostly owned by Jack Ma, chief executive officer of Alibaba Group, to comply with Chinese restrictions on foreign ownership of payment services, Yahoo said. The transfer raised concern that Alibaba Group will be worth less without the payment business, weighing on Yahoo shares. It also may worsen relations between Yahoo and Alibaba, already strained by disagreements over censorship rules in China. Chairman Jack Ma has counteracted that its move to transfer ownership of Alipay to a separate entity is legal and 100 percent transparent. The board and shareholders including Yahoo and Softbank Corp. are fully aware of the ownership transfer of Alipay. Ma said he is less keen on buying back Yahoo's stake in Alibaba Group after the recent dispute with the U.S. internet giant.
- **Alibaba.com Ltd.'s first-quarter net profit increased a higher-than-expected 37 percent to 452.5 million yuan (US\$69.6 million) from a year earlier as members paid for more extra services on its websites, but it said slower revenue growth is likely in coming quarters.** The result was above the average 425.4 million yuan (US\$65.4 million) forecast of six analysts polled earlier by Dow Jones Newswires. Alibaba.com has shifted its focus from adding users to increasing revenue per user, partly by offering value-added services such as extra advertising options. The focus on gaining more value from existing members could slow its revenue growth. Revenue increased 25.5 percent to 1.53 billion yuan (US\$235 million), but was below the average 1.58 billion yuan (US\$243 million) forecast in the poll.
- **Bank of Communications has signed an agreement with Alibaba Group to open an online store on Taobao.com as well as to launch express payment service with the e-commerce giant's online payment service AliPay, Reuters China cited.** The bank also will offer loans online via Alibaba's business-to-business platform Alibaba.com.
- **China's biggest Internet company by revenue, Tencent Holdings Ltd, said first-quarter profit jumped 61 percent, beating analysts' estimates, after offering new online games to boost sales.** Net income climbed to 2.87 billion yuan (US\$442 million) from 1.78 billion yuan (US\$274 million) a year earlier with sales rose 50 percent to 6.34 billion yuan (US\$976 million). Profit was boosted by a one-time gain of 459 million yuan (US\$70.7 million) arising from the purchase of control of U.S. online video company Riot Games Inc. in February, said John Lo, Tencent's deputy chief financial officer. Tencent paid US\$231.5 million in cash, in addition to some stock options, for 70 percent of Riot Games, increasing its stake to 92 percent, according to the earnings statement. President Martin Lau said the company will invest heavily in its microblogging service, and expand its "Pengyou" social-networking site on the conference call today. Tencent has about 160 million users for microblogging and 101 million for Pengyou. The company increased its share of China's online games market to 29.1 percent in 2010, from 21.1 percent a year earlier, according to research company iResearch. Second-ranked NetEase.com boosted its market share to 15.3 percent from 12.5 percent, the Shanghai-based researcher said. Tencent will increase spending this year on services including social media, Internet search and e-commerce, Ma said in March. The company, the leading provider of instant messaging

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

service in China, will also step up efforts to expand overseas, according to Jack Ma. There were 674.3 million active user accounts for Tencent's QQ instant-messaging service at the end of March, compared with 647.6 million three months earlier. Sales of Internet value-added services, including online games and QQ-related subscription fees, rose to 5.25 billion yuan (US\$808 million) from 3.39 billion yuan (US\$522 million). Online advertising sales increased to 281 million yuan (US\$43.2 million) from 204.3 million yuan (US\$31.4 million). Tencent's Internet value-added services business will see "weaker seasonality" this quarter, as online game demand is affected by school exams.

- **Tencent has acquired a 4.6 percent stake in movie and TV entertainment company Huayi Brothers Media in for approximately 450 million yuan (US\$69.2 million).** Huayi directors including Jack Ma and Yu Feng sold existing shares to Tencent, as part of the transfer agreement.
- **Youku.com had a net loss of 46.92 million yuan (US\$7.2 million) in the first quarter of 2011.** Net revenues reached 127.99 million yuan (US\$19.7 million), 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. For the second quarter of 2011, Youku forecast year-on-year growth in net revenues of 125-135 percent. According to the company's F-1 form, Youku made net revenue of 71.20 million yuan (US\$10.9 million) in the second quarter of 2010.

Mobile/Wireless

- **The sales volume of cell phones in China reached 66.74 million units in the first quarter of this year, up 4.7 percent from the fourth quarter of 2010, according to Analysys International.** Notably, sales of 3G handsets hit 19.07 million in the first quarter, up 26.8 percent year on year. Analysts hold that the steady growth of cell phone sales is mainly a result of the stimulus provided by the Spring Festival and the active promotion of tailored products by telecom operators. Meanwhile, the market share of smart phones continued to increase, rising 1.7 percentage points from the fourth quarter of 2010. Analysts predict China's handset sales will see a new period of growth in the second quarter as more new handset models enter the market.

Telecommunications

- **Datang Telecom Technology will acquire preference shares in Semiconductor Manufacturing International (SMI) for US\$70 million.** Datang, which is already a substantial shareholder in the company, will acquire 85 million convertible preference shares, US\$58.3 million in total, and 17 million share warrants for US\$11.7 million, news agency Xinhua reports. SMI will use the proceeds to cover capital expenditure and repay debts.

Media, Entertainment and Gaming

- **Shanda Games has licensed its in-house developed 2D MMORPG fantasy novel adaptation Legend of Immortal to SoftWorld International subsidiary Game Flier International.** The game was licensed to Vietnamese game operator VNG Corporation in mid-March.

Technology

- **AirMedia had a net loss of US\$3.9 million in the first quarter of 2010, improving on the company's net loss in the year-ago period of US\$6.5 million but following the company's fourth quarter net profit of US\$5.1 million.** AirMedia had total revenue growth of 25.8 percent year-on-year in the quarter to US\$61.4 million.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

Taiwan

Hardware

- **Compal Electronics' net income for the first quarter slip 60 percent but full year 2010 profit increased 18 percent year-on-year.** Net income was NT\$23.32 billion (US\$814 million), growing 18 percent from NT\$19.80 billion (US\$691.4 million). For the first quarter of 2011, Compal had net sales of NT\$171.07 billion (US\$6 billion) with net profit for the quarter down 60 percent to NT\$3.41 billion (US\$119 million). For 2010, Compal had consolidated sales of NT\$887.00 billion (US\$31 billion). Dividend for 2010 earning was set at NT\$2.7 (US\$0.94).

Hong Kong

Telecommunications

- **APT Satellite Holdings had a turnover of HK\$719.44 million (US\$92.6 million) for 2010 with net profit of HK\$198.50 million (US\$25.5 million).** Excluding a deferred tax credit of HK\$88.86 million (US\$11.4 million) recognized in 2009 as a result of terminating the lease agreement in relation to Apstar 2R, the group's profit increased by HK\$33.28 million (US\$4.3 million), or 20 percent, over 2009. In view of the need of capital expenditure investment for the implementation of Apstar 7 and its backup satellite, Apstar 7B, the board of directors has resolved not to declare any payment of dividend for the financial year. The board has proposed to make a bonus issue to the shareholders of the company on the basis of one bonus share for every two shares.
- **Residential and business users in Hong Kong pay as low as one-tenth of the telecommunications charges as their counterparts in six other cities of Copenhagen, London, New York, Shanghai, Singapore and Tokyo, according to OFTA.** At a monthly charge of HK\$60 (US\$7.7) for fixed voice service, an average residential user in Hong Kong pays only 8-45 percent of the price paid by a customer in the other six cities. Similarly, at a monthly charge of HK\$60 (US\$7.7) for mobile voice service, an average residential user in Hong Kong pays only 10-48 percent of that of their counterparts in the other six cities. For some businesses in Hong Kong, their telecommunications costs constitute only 12-32 percent of such costs incurred by similar businesses in the other six cities.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **Philippine Long Distance Telephone Co. (PLDT) said it will launch its smart phones in June and tablets in the third quarter to tap demand for fast-growing mobile Internet services.** 200,000 units of smart phones have been ordered from Chinese manufacturers, including ZTE, to cover the projected demand until the first half of 2012. An order for tablets has also been made although at a smaller number. The smart phones, which will run on Google's Android operating system and are Wireless Application Protocol (WAP)-capable, will be priced around PHP7,000 (US\$163) for the touch-screen models as the tablets will be priced between US\$200 and US\$250.
- **PLDT's first-quarter net profit declined 6 percent from the year-earlier period to PHP10.73 billion (US\$250 million) due to a fall in net foreign exchange and derivatives gains and lower revenue amid slower economic growth and stiffer competition.** Revenue was down 4 percent to PHP35.14 billion (US\$815 million). Core profit, however, increased 1 percent to 10.6 billion pesos

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

(US\$246 million) as the company kept a tight rein on expenses. PLDT Chairman Manuel Pangilinan told reporters that the core profit guidance for this year and 2012 remains unchanged from that in March since its acquisition of rival Digitel. Pangilinan said that as the acquisition of Digitel is earnings accretive for PLDT, it may be dilutive in terms of profit because of the additional shares the company will have to issue to acquire the rival firm.

- **Globe Telecom, Inc., the Philippines' second largest telecommunications company by sales, said net profit in the first quarter increased 1 percent to 2.99 billion pesos (US\$69.6 million).** Service revenue reached a record 16.5 billion pesos (US\$382 million), an 8 percent improvement. Core net income improved 6 percent to 2.96 billion pesos (US\$68.6 million). The company's mobile revenue improved 4 percent despite intense competition and the dilutive effect of lower yield unlimited and bucket promo offerings. Globe Telecom's mobile business was supported by strong take-up of new and cheaper postpaid plans as well as increased revenue from sales of prepaid services. The company's fixed line and broadband business also registered a 26 percent revenue growth linked to a 40 percent expansion of its broadband subscriber base and sustained strong demand for data services from the corporate sector.
- **Kavveri Telecom Products Ltd. is in talks with a number of private equity investors to raise 400 million rupees (US\$8.9 million)-500 million rupees (US\$11.4 million) by selling a stake in its infrastructure unit, a senior executive said.** The Indian telecom products maker owns 51 percent of unit Kavveri Telecom Infrastructure Ltd., with the rest held by the founding family. Kavveri Telecom Products is also in talks with five to six companies for contract manufacturing orders potentially worth between US\$3 million and US\$20 million. These orders are likely to be executed over 18-24 months. The company has a factory in the southern Indian city of Bangalore and is benefiting from a global drive to reduce the world's dependence on manufacturing in China. Kavveri received a contract manufacturing order from a European client worth 750 million rupees (US\$16.7 million). Kavveri mostly makes antennas and other related products embedded in modems and communication devices sold by telecom firms to consumers. The company's products are also used by Chinese makers of telecommunication equipment such as Huawei Technologies Co. Ltd. and ZTE Corp.
- **Tata Communications will invest S\$440 million (US\$355 million) in its business in Singapore, its international headquarters, over the next four years.** CEO Vinod Kumar told reporters that around 40% of the sum would go toward network and data center expansion, maintenance and upgrades, with the rest going toward the creation of new services. The sum of US\$440 million is expected to be disbursed at a rate of S\$110 million per year. The company also plans to increase its workforce in Singapore from 127 staff, by about 60% over the next four years which will include 40 personnel for its global managed services control tower as well as personnel for its services development center, with a focus on local talent. Kumar added that the company now has 75% of its revenue come from outside of India, compared to its early days, where India constituted 98% of revenue. Tata Communications invested in a US\$180 million data center in Singapore last year and banks on gaining customers who wish to route and host data out of Singapore. The company extended its InstaCompute cloud offering out of Singapore in March, in a bid to serve customers in neighboring countries.
- **Reliance Communications Ltd. had drawn the second tranche of 17.8 billion rupees (US\$400 million) of a US\$1.93 billion loan facility from the China Development Bank.** The drawn down amount will be used to refinance the company's short-term rupee borrowings taken to acquire the licenses for third-generation mobile phone spectrum last year. The company will save on interest costs

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

of up to 5 billion rupees (US\$111 billion) a year. In March, the Indian telecom services company said it had drawn down its first tranche of US\$665 million of the loan. Reliance Communications took the loan from the Chinese bank to borrow US\$1.33 billion to refinance the spectrum fee and US\$600 million for equipment imports from Chinese vendors.

- **Reliance Industries Ltd. will look to its petrochemicals, consumer retail and telecommunications businesses to drive growth in the next few years, Chairman Mukesh Ambani said.** Reliance has embarked on a major capacity creation initiative in petrochemicals, encouraged by accelerating demand forecasts for petrochemicals and fibers, to become the world's largest integrated polyester producer. Ambani said the company's new projects represent the largest-ever investment by Reliance in a sector and the biggest capital commitment in the global petrochemicals segment as well. Paid about 48.00 billion rupees (US\$1.07 billion) to acquire 95 percent of Infotel Broadband, which had won a government auction of radio waves to offer wireless broadband services in the entire country, marking the energy major's foray into telecommunications. Reliance had cash and cash equivalents of 423.93 billion rupees (US\$9.5 billion) as of March 31. It said cash reserves increased mainly due to US\$2 billion received as part of a recent deal to sell a 30 percent stake in 23 oil and gas blocks to BP PLC.
- **Mahanagar Telephone Nigam Ltd.'s net loss for the fiscal fourth quarter narrowed to 11.0 billion rupees (US\$245 million) with costs falling almost two-thirds from a year earlier.** Net sales of the state-run telecommunications company in the March quarter declined 5 percent to 8.08 billion rupees (US\$180 million). MTNL has been struggling to gain and retain subscribers in fast-growing but highly competitive Indian telecom market, where service providers are resorting to deep tariff cuts to attract customers. Revenue from basic fixed-line telephony services declined about 6 percent to 6.55 billion rupees (US\$146 million), and that from cellular services declined about 14 percent to 1.58 billion rupees (US\$35.2 million). Interest costs jumped to 1.44 billion rupees (US\$32 million), primarily because of the debt taken to pay for bandwidth to offer third-generation mobile telephony and wireless broadband services.
- **Telekom Malaysia Bhd. will spend 3.4 billion ringgits (US\$1.14 billion) on capital expenditure in 2011.** This will include 2 billion ringgits (US\$666 million) for its recently launched high-speed broadband submarine cables project, The Malaysian Reserve daily cited, citing Chief Financial Officer Bazlan Othman.
- **Singapore Telecommunications Ltd. had a 2.3 percent year on year drop in fourth quarter net profit mainly due to lower contributions from its Indian associate, but it rewarded shareholders with a special dividend.** Net profit for the quarter ended March 31 was S\$991.7 million (US\$796.2 million), the operator said in a statement to the Singapore Exchange. Six analysts polled by Dow Jones Newswires had seen earnings to be flat at S\$1.02 billion (US\$819 million). SingTel said the mobile customers of the company and its associates increased 37 percent from a year earlier to 403 million users across 25 countries as of March 31. Bharti Airtel Ltd., which is about 32 percent-owned by SingTel, increased its customers by 66 percent to 212 million users in Asia and Africa during the year to March. SingTel's mobile customers increased to 3.31 million as of March 31 as that of its Australian unit Optus increased 7 percent to at least 9 million.
- **SingTel is aiming to double the size of its satellite business, with two satellite launches scheduled within the next two years.** The company declined to reveal how much the satellite business contributed to total revenue, but Titus Yong, VP of SingTel's satellite division, told a media roundtable the segment was enjoying double digit year-on-year growth. The segment's growth has

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

prompted SingTel to invest in two upcoming satellites, which are the US\$200 million ST-2, due to launch May 20 and the ST-3, which is due to launch in 2013. The ST-2 is a joint venture with Chunghwa Telecom, with SingTel holding a 62 percent stake; SingTel will hold an S\$80 million (US\$64.9 million) stake in the ST-3, which is a joint venture with Asia Broadcast Satellite. The ST-2 is slated to replace SingTel's ST-1 satellite, which will be decommissioned come 2013. Yong said the ST-2 will be running at close to 70 percent capacity due to the customer transfer from the ST-1. The ST-2 will be co-located on the ST-1's current 88 degrees east orbital slot and is seen to achieve full service by September.

- **SingTel also announced that board member Simon Israel will succeed Chumpol NaLamlieng as it's chairman after its annual general meeting July 29.** Israel will step down as executive director and president of state investment firm Temasek Holdings Pte. Ltd. on July 1. Temasek owns a 54 percent stake in SingTel, and Israel, who is also a director of other companies linked to the sovereign wealth fund, will continue to serve as a director.
- **Advanced Info Service PCL's first quarter net profit increased 26 percent to 6.27 billion baht (US\$208 million) from a year earlier, driven mainly by higher sales and service revenues.** The result was higher than the average net profit forecast of 5.83 billion baht (US\$193 million) by five analysts surveyed by Dow Jones Newswires. Total revenue increased to 31.15 billion baht (US\$1.03 billion). Of the total, voice revenue increased 6.8 percent to 17.47 billion baht (US\$577.3 million) as non-voice revenue increased by 25.8 percent to 4.51 billion baht (US\$149 million). Sales revenue also increased by 93.8 percent to 3.56 billion baht (US\$117.6 million) due to increasing popularity of smart phones.
- **TOT PCL has awarded a 16 billion baht (US\$530 million) contract to SL Consortium to build its third-generation telecommunications network, TOT said.** TOT expects the first phase of the project to be completed six months after the signing of the contract and the project is seen to be completed, covering 70 percent of the country's population, within a year. Subscribers of TOT's mobile services are seen to be able to enjoy its 3G services in Bangkok and 13 key provinces in the fourth quarter before the 3G coverage expands to nationwide by the middle of next year. The company has set a budget of 19.98 billion baht (US\$660 million) for the construction of its 3G network. Around 20 percent of the budget will be derived from its internal funding source and the remainder 80 percent will be loans from financial institutions.
- **ASC International has kicked off a project to build a 4,800km cable linking Western Australia with Singapore.** ASC (Australia Singapore Cable) has commissioned Alcatel-Lucent to build the multi-terrabit cable. The cableco will have an option to upgrade the cable to 100Gbps, which would make it the first 100Gbps connection between Western Australia and South East Asia. It will use D+ fiber, giving it an ultimate capacity of 16Tbps if the 100Gbps option is taken. The cable will land in Western Australia at state capital Perth, and travel through Indonesia's Sunda Strait. Leighton will use the terrestrial fiber operated by another subsidiary, NextGen Networks, to transport traffic to Sydney, allowing it to provide international wholesale services on both the east and west coasts.

Mobile/ Wireless

- **Optus had a 19 percent increase in fourth-quarter net profit underpinned by a rise in mobile and wireless internet subscribers to 9.1 million, cementing its place as the one of the jewels in the crown of parent Singapore Telecommunications Ltd.** Optus pulled in a profit of A\$261 million (US\$279 million) in the three months ended March 31, up from A\$220 million (US\$232.5

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

million) in the same quarter of 2010, as operating revenue increased 4.1 percent to A\$2.32 billion (US\$2.5 billion).

United States/Canada

Internet

- **Burson-Marsteller was asked by Facebook to help shed light on publicly available information about another company, the PR firm said.** Facebook asked that its name not be disclosed, Burson-Marsteller said. Blogger Chris Soghoian said the company asked him to write about a product called Google Social Circles, exploring whether it violates user privacy. Facebook and Google compete for Web users in a U.S. online advertising market that's projected by EMarketer Inc. to increase 11 percent to US\$28.5 billion in 2011. As regulators and consumer groups probe Internet companies' use of private data, Facebook's recruitment of the PR firm and its request for anonymity may have been aimed at deflecting scrutiny toward a rival.
- **Facebook is driving an increasing amount of traffic to news sites but Google remains the top referring service.** The study by the Pew Research Center's Project for Excellence in Journalism looked at the behavior of news consumers online during the first nine months of 2010, using audience statistics from the Nielsen Co. The study examined the 25 most popular news websites in the U.S., looking at how users get to the sites, how long they stay there, how deep they explore a site and where they go when they leave. An average of 40 percent of the traffic to the top 25 news sites comes from outside referrals, the study found, with Google Search and, to a lesser extent, Google News being the biggest traffic driver. Google Search was responsible for driving an average of 30 percent of traffic to top news sites with the Drudge Report and Yahoo! also ranking as major traffic drivers.
- **Microsoft Corp. and Skype Global S.à r.l announced that they have entered into a definitive agreement under which Microsoft will acquire Skype, the leading Internet communications company, for US\$8.5 billion in cash from the investor group led by Silver Lake.** The agreement has been approved by the boards of directors of both Microsoft and Skype. With 170 million connected users and over 207 billion minutes of voice and video conversations in 2010, Skype has been a pioneer in creating rich, meaningful connections among friends, families and business colleagues globally. Microsoft has a long-standing focus and investment in real-time communications across its various platforms, including Lync (which saw 30 percent revenue growth in Q3), Outlook, Messenger, Hotmail and Xbox LIVE. eBay acquired Skype in 2005 for US\$2.6 billion.
- **Google Inc. spent roughly US\$141 million on 15 acquisitions and asset purchases during the first quarter ended in March.** The acquisitions were not material individually or in aggregate. The company said roughly US\$54 million of the total purchases were allocated for patents and developed technology. Those patents and developed technology have a weighted-average useful life of 3.7 years. The company had first-quarter financial results last month.
- **The U.S. will inject millions of dollars into new technology to break through Internet censorship overseas amid a heightened crackdown on dissent in China.** State Department officials would give US\$19 million to efforts to evade Internet controls in China, Iran and other authoritarian states which block online access to politically sensitive material. Michael Posner, the assistant secretary of state in charge of human rights, said funding would support cutting-edge technology that acts as a slingshot, identifying material that countries are censoring and throwing it back at them.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

Media, Entertainment and Gaming

- **HBO, Time Warner Inc.'s premium cable network, has launched a mobile web video service in an attempt to shift its pay-TV business model on to the Internet, but two key distributors, Time Warner Cable Inc. and Cablevision Systems Corp. have yet to sign on to the effort.** It is a key step for HBO, as it faces potential competition from Netflix Inc. and other online video services. Time Warner CEO Jeff Bewkes has touted the business model, known as TV Everywhere, as a way for the broader TV industry to head off the possibility that online video could replace traditional pay-TV service. Without carriage from HBO's former corporate sibling, Time Warner Cable, and Cablevision, however, HBO Go lacks a major piece of the distribution puzzle in key media markets like New York City and Los Angeles. This hampers its ability to gain traction with consumers at a time when Netflix is adding customers at a fast clip.
- **Digital entertainment technology provider Rovi Corp. reported a plunge in first-quarter profit to \$17 million due primarily to the absence of significant tax benefits recorded last year.** However, excluding items, adjusted earnings increased from a year ago, and topped Street estimates. Late last year, Rovi agreed to acquire Sonic Solutions, the owner of popular digital video player software DivX, for US\$720 million in cash and stock. The company has been transforming itself in recent years through an aggressive program of takeovers and asset sales, with the Sonic Solutions acquisition another move in broadening its footprint across the digital entertainment. Rovi reported revenues of US\$161.5 million, up from US\$129.4 million in the comparable quarter last year

Telecommunications

- **Intel would sell up to 10 million shares of Clearwire Corp.'s Class A stock. The share sale does not affect any contractual obligations or business arrangements between Intel and Clearwire.** As Intel makes chips used in phones that operate on Clearwire's fourth-generation mobile technology, called WiMax, Clearwire has indicated it may switch to LTE. That transition would make it less valuable to Intel, said Michael Nelson, an analyst at Mizuho Securities in New York, who recommends acquiring Clearwire shares. Clearwire is testing LTE and will complete the trials by mid-year. Clearwire became a 4G wireless company in 2008 when Intel, Sprint Nextel Corp. and other investors contributed US\$3.2 billion in return for shares. Intel owns 102.4 million shares.
- **Qwest Communications International Inc., now part of CenturyLink Inc. after a US\$10.6 billion acquisition last month, had an increase in first-quarter earnings on lower costs despite lower revenue.** CenturyLink had its own profit declined in the first quarter as revenue struggled with declines in its traditional phone business, in results that excluded Qwest. Qwest had a profit of US\$211 million. Revenue declined 4 percent to US\$2.85 billion. Gross margin declined to 41.4 percent from 42 percent. Its other expenses, such as interest costs and loss on early retirement of debt, dropped 31 percent. Qwest's top line has struggled with a prolonged decline in traditional landline subscribers despite the company's efforts to add more broadband customers. CenturyLink, which provides landline phone services to rural areas, has dealt with similar drops as the market is increasingly awash with cell phones.

Hardware

- **Cisco Systems Inc. Chief Executive Officer John Chambers abandoned a four-year-old forecast for annual sales growth of 12 percent to 17 percent as weak demand and price pressure force him to cut jobs and exit businesses.** Revenue at Cisco will increase no at least 2

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

percent this quarter. Analysts on average seen 7 percent sales growth. Chambers said he'll eliminate more jobs this year and cut low- margin businesses.

Software

- **Microsoft Corp. said its Xbox 360 player was the top-selling video-game console in the U.S. last month with 297,000 units purchased at retail.** Xbox 360 sales were up 60 percent from a year earlier, Microsoft said. Retail sales of Sony Corp.'s PlayStation 3 console increased 13 percent from a year ago, the company said without citing unit sales. Sony has been working to restore its PlayStation Network, Qriocity and Sony Online Entertainment online services following a hacker attack last month. At least 100 million accounts were illegally accessed, resulting in the second-largest data breach in U.S. history.
- **Nvidia will acquire Icera for US\$367 million in cash to expand its business in the mobile phone and tablets market. Both companies have already approved the takeover, and the deal is expected to close within 30 days.** The takeover will give Nvidia over 550 patents held by Icera as well as broadband wireless modem products used by at least 50 carriers worldwide. This adds to Nvidia's own growing market position with its Tegra processor for mobile devices. Nvidia said the deal is seen to be slightly dilutive on an operating basis through the first half of 2012, and add to operating profit from the second half of next year, before factoring in any revenue synergies. Overall, Nvidia expects to double its revenues per device, as it will be able to offer both the application processor and baseband processor following the takeover.
- **Nvidia Corp. forecast second-quarter sales that exceeded analysts' estimates, as a new microprocessor from Intel Corp. helped fuel demand for more expensive personal computers.** Revenue in the current period will rise 4 percent to 6 percent from the first quarter to as much as US\$1.02 billion, Nvidia said. That compares with an average analyst estimate of US\$990.4 million. Demand for Nvidia's graphics chips increased as the debut of Intel's new processor stimulated demand for new PCs, Chief Executive Officer Jen-Hsun Huang said in an interview.
- **Symantec Corp.'s fiscal fourth-quarter earnings declined 8.7 percent to US\$168 million on higher costs, but the security-software company's adjusted bottom line was better than Wall Street expected.** Recent acquisitions have broadened Symantec's portfolio of products far beyond its trademark Norton security products for personal computers, but the rapid expansion led to acquisition of streams of deferred revenue that Symantec is writing down to bring onto its books. The write-downs cut its adjusted operating margin to 24.1 percent in the fourth quarter, when analysts were expecting adjusted margins of 25 percent or higher. Revenue for the quarter ended April 1 rose to US\$1.67 billion from US\$1.53 billion.
- **Oracle Corp. is in the early stages of discussions to sell its India unit's software services business, the Economic Times cited.** Some global information technology services companies have expressed interest in acquiring the business, and the deal could be valued around US\$400 million to US\$500 million. Oracle has engaged Credit Suisse to advise on the potential sale of its India unit's software services business. The software services business accounts for around 30 percent of Oracle Financial's total revenue, and the company derives the majority of its revenue from sales of its banking software, Flexcube.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

Hardware

- **Xerox Corp. increased its 2012 earnings forecast as it adds more services.** Chief Executive Officer Ursula Burns is trying to squeeze costs and increase sales as integrating her US\$6 billion purchase of Affiliated Computer Services, the company's largest ever. Sales will grow at least 4 percent in 2012. The company maintained this year's earnings forecast, excluding some items, with sales growth of 3 percent to 5 percent. On that basis, sales would be at most US\$22.7 billion.

Europe

Telecommunications

- **Eutelsat Communications SA said its revenue in the third quarter of the fiscal year ending June 30 increased 10 percent to 295.2 million euros (US\$416.1 million), encouraging the company to upgrade its revenue outlook for the full fiscal year.** The company cited strong momentum in all markets, including high demand from government agencies. It also mentioned continued optimization of in-orbit resources, with the fill rate standing at above 90 percent since December.
- **Royal KPN NV will streamline its portfolio of businesses as it aims to defend mobile-phone market share in the Netherlands and increase its share of the German market by 2015.** The company will further integrate Getronics, the computer- services provider it acquired in 2007, and is reviewing the options for operations in France and Spain, Chief Executive Officer Eelco Blok said. KPN will eliminate 4,000 to 5,000 jobs in the country through 2015, after total revenue at the Hague-based company declined in seven of the previous nine quarters. The workforce reduction will probably trim annual costs 100 million euros (US\$144 million) by 2012, and this will increase over time. Shifting work to India will account for 1,800 to 2,200 of the Dutch job cuts. KPN aims for at least 45 percent of the Dutch mobile-phone market in 2015, measured by service revenue. KPN targets market share in 2015 of at least 20 percent, up from 16 percent now, with earnings before interest, taxes, depreciation and amortization equal to 35 percent to 40 percent of sales.
- **Italy's main telecom operators launched a common platform that will allow their clients to use mobile devices to pay for digital content and services by using their mobile accounts.** Telecom Italia's mobile arm TIM, Vodafone, Wind SpA, 3 Italia, PosteMobile and Fastweb will provide digital content providers and their customers with a shared standard that converts mobile phone numbers into client authentication keys and transforms the mobile phone into a tool for paying for online digital content and services. The new service will allow clients to acquire digital services with a simple click, if accessing from their mobile phones, or by using their mobile phone number and a password from other devices, such as PCs and tablets.
- **Telefon AB L.M. Ericsson reiterated its target of annual net sales growth of 4 percent to 10 percent through 2013.** The targets are part of the company's executive performance stock plan. The Swedish network-equipment giant faces mounting competition from rivals that are merging, as well as from up-start Chinese vendors willing to sell their products at a lower price. Chief Executive Hans Vestberg said he expects approximately roughly 5 billion mobile broadband subscriptions by 2016, with roughly 55 percent of total mobile subscriptions being broadband. Ericsson also said its share of the mobile networks market was approximately 32 percent last year. The company's share of the global telecom services market was 10 percent in 2010. Ericsson estimated that the total telecom market, based on operator, operating and capital expenditure, was US\$223 billion last year, as the total

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

network service provider equipment market was estimated at US\$94 billion. The network service provider equipment market is estimated to increase at 3 percent to 5 percent annually between 2010 and 2013. Vestberg said the company is focusing on improving its market share, noting share gains in the U.S., South Korea and Thailand.

Hardware

- **The U.K.'s Pace PLC surpassed Motorola Inc. as the world's No. 1 seller of set-top boxes by number of units shipped last year, helped by robust growth in North and South America, according to IHS iSuppli.** Motorola remained the leader by revenue. The company split its set-top box and smartphone operations--now operating as Motorola Mobility Holdings Inc.--from its business and networking units at the beginning of this year. Pace's 2010 set-top box shipments jumped 21 percent to 20.7 million units, according to iSuppli, a unit of IHS Inc. Pace's set-top box revenue increased 8.1 percent to US\$1.9 billion, as Motorola saw a 9.5 percent decline to US\$2.4 billion.

Media, Gaming and Entertainment

- **BT Group Plc's fourth-quarter profit increased and a regulator's review of its pension funding program was halted, ending a year of talks over the scale of the recovery plan.** EBITDA climbed 2.6 percent from a year earlier to 1.55 billion pounds (US\$2.53 billion) in the three months through March. On a full-year basis, earnings were 5.89 billion pounds. The company will spend 2.5 billion pounds for a faster network serving two-thirds of British homes by 2015. The company signed up 252,000 net additional broadband customers in the quarter. The company raised its final dividend by 9 percent, to 5 pence a share, giving it a full-year dividend of 7.4 pence. BT predicted adjusted Ebitda will rise in 2012 and will exceed 6 billion pounds in 2013.

Semiconductors

- **CSR PLC moved to a first-quarter pretax loss as it shipped fewer chips for mobile phones, and said feedback from customers has underlined the rationale for its proposed merger with US video chip specialist Zoran Corp.** The firm sees second-quarter revenue in the range of US\$185 million to US\$200 million, below an average analyst forecast according to Factset of US\$200.9 million. CSR said feedback from its customers supports the strategic rationale for the merger, although it is evaluating the implications of Zoran's figures. For the three months to April 1, CSR made a pretax loss of US\$2.86 million on revenue that declined 5.3 percent to US\$163.9 million. It said a decline in mobile handset revenue of 20 percent was somewhat offset by growth in audio and in-car devices.

Software

- **KIT Digital Inc.'s first-quarter loss narrowed as sales increased and the company booked fewer charges.** The company, a developer of online video-distribution technologies whose clients include Google Inc. and Best Buy Co., has seen demand improve in recent quarters as online video becomes more popular. However, it also has a string of losses amid expansion-related costs. KIT Digital has been increasing through acquisitions, including a US\$79.4-million acquisition last week of ioko365 Ltd helping it gain global scope in the Internet video platform software sector. KIT in March reached a US\$34.4-million deal for Polymedia, the Internet-protocol video platform unit of TXT e-solutions SpA. KIT Digital had a loss of US\$12.5 million. The latest period included a combined US\$17.3 million in restructuring and acquisition-related charges. The prior year included US\$11.4 million in derivative-related expenses and US\$7.8 million in restructuring and acquisition-related costs. Revenue increased 98 percent to US\$34.5 million. The company last month seen at least US\$34 million. Organic sales were up 38 percent.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

- **Limelight Networks has acquired of AcceloWeb, an Israel-based provider of technology that enables to speed the presentation of websites and applications.** AcceloWeb's technology, combined with Limelight's web and application acceleration services, will enable customers to improve 'Time to Action' on their websites. Time to Action is the amount of time an end user will wait in order to perform tasks on a website or within a web application. By speeding the performance of Limelight's Portal and Commerce Accelerator services, AcceloWeb's technology will increase conversion rates, and decrease abandonment. AcceloWeb's technology requires zero configuration and no pre-optimisation, and does not require any changes to existing web development workflow, reconfiguration of site or application resources, installation of a hardware appliance or any server side, browser or desktop plug-ins.

Mobile/ Wireless

- **Alcatel-Lucent will meet its full year targets of growing faster than the market and generating operating margin of 5 percent, after slashing its losses by 505 million euros (US\$726 million) in the first quarter.** The firm had a net loss of 10 million euros (US\$1419.7 million) for the period, on the back of higher sales across all its divisions and a one-time 69 million euros (US\$97.3 million) tax gain due to changes to US pension regulations. Networks remain the firm's major earner with revenues up 25 percent year-on-year at 2.4 billion euros (US\$3.4 billion). The services division a 4.8 percent increase to €809 million (US\$1140 million). North America was the largest market by region, with sales growth of 40 percent offsetting marginal changes to income from Asia Pacific, and Europe. As chief Ben Verwaayen said the results carry a trend of increasing growth, profit and global strength, forward from 4Q10, the firm's results show a heavy sequential dip in earnings from profit of 340 million euros (US\$479.3 million) in the last three months of 2010.

South Africa/Middle East/Latin America

Internet

- **Universe Online SA had a first-quarter net profit of 25.1 million Brazilian reais (US\$15.6 million).** The company attributed the increase of its net profit to a rise in revenue. Net revenue increased to 297.3 million reais (US\$181.7 million). UOL had EBITDA of 82.6 million reais (US\$50.5 million) for the first-quarter.

Telecommunications

- **Argentina's federal government will auction wireless licenses during the second half of this year to address capacity concerns as mobile operators enjoy voracious demand for wireless data services.** The Planning Ministry said in a statement that the auction will create a more level playing field for existing operators and open the door to new competitors. In a resolution published in the Official Bulletin, the Communications Secretariat said bidding rules will be available for purchase starting next week. The government is offering 30MHz of spectrum in the 1900MHz band in both service areas 1 and 2, which cover the provinces in the country's north as well as the capital city and surrounding urban area. Bidders must have a guarantee of US\$1.2 million and have a minimum capitalization of US\$100 million.
- **Vivo Participacoes SA had first-quarter net profit nearly quadrupled to 710.2 million Brazilian reais (US\$438 million) due to improvement in its operational performance and the reduction of its costs with depreciation.** Vivo had net revenue of 4.81 billion reais (US\$2.9 billion) in the

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

period. Vivo's EBITDA increased to 1.65 billion reais (US\$1 billion) with EBITDA of 34.3 percent in the quarter, up from 30.1 percent in the year-earlier period.

- **Telecomunicacoes de Sao Paulo SA had first-quarter net profit of 418.3 million Brazilian reais (US\$258 million).** Telesp attributed the decrease to higher operational expenses, which increased to 2.77 billion reais (US\$1.7 billion). Net revenue was 5.39 billion reais (US\$3.3 billion). EBITDA declined 6.8 percent to 1.188 billion reais with EBITDA margin of 30 percent, down from 32.8 percent. Telesp invested a total 373.2 billion reais (US\$228 billion) in its operations last quarter, up 4.4 percent from the first quarter of 2010.
- **Oman Telecommunications Co. 's first-quarter net profit excluding minority interest declined 19 percent year on year to 26 million Omani rials (US\$67 million) due to challenging market conditions and higher expenses.** Revenue in the first quarter of 2011 increased slightly to 111.5 million rial (US\$289 million).

Media, Gaming and Entertainment

- **Grupo Clarin SA said its first quarter net profit increased 61.1 percent on the year due largely to an accounting gain from debt refinancing by cable TV unit Cablevision.** Profit was 151.6 million pesos (US\$37.2 million). Sales increased 26.2 percent to 2.07 billion pesos (US\$507 million) due to higher average revenue per user and subscriber growth in the cable TV and Internet access segment. Revenue also benefited from higher advertising sales in the segments of broadcasting and programming as well as printing and publishing. EBITDA increased 17.1 percent to 620.5 million pesos (US\$152 million), mainly driven by higher sales in cable and internet access but EBITDA margin contracted to 29.9 percent from 32.2 percent a year earlier.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 9 May 2011 - 15 May 2011

Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 5/13/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	80.7800	0.2%	-3.4%	-0.5%	-13.0%
Hong Kong dollar	HK\$/ US\$	7.7724	0.02%	-0.01%	-0.001%	0.2%
Chinese renmenbi	RMB/ US\$	6.4977	0.1%	-0.6%	-1.4%	-4.8%
Singapore dollar	S\$/ US\$	1.2450	0.5%	-0.9%	-2.9%	-11.4%
South Korean won	KRW/ US\$	1,086.8000	0.2%	-0.4%	-3.0%	-6.6%
New Taiwan dollar	NT\$/ US\$	28.6350	0.1%	-1.5%	-1.8%	-10.4%
Australian dollar	US\$/A\$	1.0567	-1.1%	1.2%	3.6%	17.8%
New Zealand dollar	US\$/NZ\$	0.7860	-0.6%	0.5%	0.9%	8.5%
Philippine peso	PHP/ US\$	43.0900	0.0%	-0.2%	-1.2%	-7.2%
Euro	US\$/€	1.4118	-1.3%	-2.5%	5.5%	-1.4%
British pound	US\$/£	1.6196	-1.1%	-0.4%	3.8%	0.3%

Fixed Income Prices and Yields

Note	Currency	Current (on 5/13/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.16	4.31%	107.70	4.29%	102.83	4.58%
Japan 30-year	¥	103.51	2.01%	102.61	2.06%	98.89	2.26%
Hong Kong 10-year	HK\$	98.23	2.54%	98.22	2.52%	95.52	2.86%
China (06/16)	US\$	105.57	3.50%	105.59	3.52%	105.18	3.58%
Singapore 10-year	S\$	107.70	2.33%	107.05	2.40%	106.65	2.45%
South Korea 20-year	KRW	10,487.76	4.53%	10,374.27	4.61%	10,327.38	4.62%
New Zealand (12/17)	NZ\$	105.66	5.24%	105.63	5.24%	101.62	5.76%
Philippines 20-year	PHP	130.63	8.11%	130.34	8.13%	129.72	8.19%
India 30-year	INR	96.37	8.64%	96.70	8.61%	98.49	8.44%
UK 30-year	£	100.93	4.20%	100.64	4.22%	97.81	4.39%
Germany 30-year	€	120.23	3.63%	118.61	3.69%	113.49	3.96%

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