



IRG Technology, Media and Telecommunications Weekly Market Review

Week of 23 May 2011 - 29 May 2011

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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	9
Singapore/Malaysia/Philippines/Indonesia/India/Australia	11
United States/Canada	15
Europe	18
South Africa/Middle East/Latin America	20
Other Economic Data	21
Currency Exchange Rates	21
Fixed Income Prices and Yields	21

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IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

Equity Market Indicators					
Index	Closing Level (5/27/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,331.10	-0.2%	-1.2%	5.8%	19.4%
Dow Jones Industrial Avg.	12,441.58	-0.6%	-1.2%	7.5%	19.3%
Dow Jones Tech. Index	457.63	-0.4%	-2.7%	1.6%	13.7%
Dow Jones Telecom. Index	247.17	0.0%	-1.5%	5.4%	12.6%
NASDAQ Composite	2,796.86	-0.2%	-1.8%	5.4%	23.3%
Japan Nikkei 225	9,521.94	-0.9%	-0.4%	-6.9%	-9.7%
JASDAQ	51.36	-0.9%	-0.1%	-1.8%	6.2%
Japan Mothers	458.02	0.3%	-1.7%	5.6%	10.0%
Korea KOSPI Composite	2,100.24	-0.5%	-4.8%	2.4%	24.8%
Korea Kosdaq	483.22	-0.6%	-7.4%	-5.4%	-5.9%
Taiwan Stock Exchange	8,810.00	-0.3%	-1.5%	-1.8%	7.6%
Singapore Strait Times	3,709.32	-0.5%	1.4%	-5.1%	24.0%
Hong Kong Hang Seng	23,118.07	-0.4%	-3.7%	0.4%	5.7%
Hong Kong GEM	720.74	-2.8%	-8.0%	-11.1%	6.5%
China Shanghai (A-Share)	2,838.11	-5.2%	-7.8%	-3.5%	-17.4%
China Shenzhen (A-Share)	1,152.05	-7.7%	-10.6%	-14.7%	-8.7%
China Shanghai (B-Share)	281.95	-6.0%	-12.0%	-7.4%	11.7%
China Shenzhen (B-Share)	724.39	-5.9%	-13.3%	-12.2%	15.7%

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 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
5/24/11	Cloudary Corporation [NYSE: READ]	Internet	200.0	Operates an online literature business	Bofa Merrill Lynch and Goldman Sachs	NA
5/23/11	Nobao Renewable Energy Holdings Limited [NYSE: NRE]	Alternative Energy	300.0	Designs, sells, installs, and usually maintains ground source heat pump (GSHP) technologies in China	NA	NA
5/23/11	Sabre Industries, Inc. [NASDAQ: SABR]	Telecom	144.0	Provides towers and shelters for wireless infrastructure and electric transmission	Stifel Nicolaus Weisel, Baird, and Oppenheimer & Co.	NA
5/23/11	Ceres Inc. [NASDAQ: CERE]	Biotech	100.0	Agricultural biotechnology company	Barclays Capital and Goldman Sachs	NA

NASDAQ/NYSE Equity Markets: TMT IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 5/27/11	% Change From Offer
5/25/11	Freescale Semiconductor [NYSE: FSL]	Embedded processing semiconductors and solutions	783.0	18.00	18.65	1.8%
5/24/11	The Active Network [NYSE: ACTV]	Provides an online registration platform for sporting events and outdoor activities	165.0	15.00	18.80	15.5%
5/23/11	Yandex [NASDAQ: YNDX]	Online search engine in Russia	1,300.0	34.77	34.45	-.09%

Asian Equity Markets: TMT PO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

Weekly Highlights

International

Mobile/ Wireless

- **Almost half of online consumers in Southeast Asian countries who say they do not own a smartphone, said that they plan on acquiring a smartphone in 2011 according to a recent global online survey from The Nielsen Company.** About a quarter of survey respondents said they already own a smartphone, up from 21 percent at the start of 2010. Singapore led the region, with 46 percent of those surveyed saying they owned a smartphone, as Thailand and Malaysia had the most aggressive growth in the sector, 47 percent and 35 percent, respectively. Of those who claim they do not have a smartphone yet, Indonesian respondents appear might acquire a smartphone, with 51 percent indicating that they definitely/probably will purchase the device in the next 12 months. As text messaging continues to be the most popular activity on a mobile phone, accessing the internet on the devices is now the second-most popular activity. Reading e-mail, playing games and instant messaging rounded out the top five activities done on a mobile phone. When it comes to choosing smartphone operating systems, 58 percent of survey respondents preferred Nokia OS and 37 percent preferred Apple OS. One in five said they used BlackBerry, followed by Microsoft and Android. Also, about 20 percent of online survey respondents said they had downloaded a mobile app in the past 30 days.
- **The global market for machine-to-machine healthcare applications will be worth 69 billion euros (US\$98.8 billion) in 2020, a large portion of which could go to the mobile operators, according to Machina Research.** The company predicts that connected devices in the healthcare space will number 774 million by the same date, identifying people's concern for their health and well-being as the single most significant driver behind the largest M2M healthcare opportunities, in terms of connected devices. Consumer-oriented devices will make up 76 percent of the total connected devices, or 586 million units, but the revenue opportunity will be greatest in the non-consumer space, where devices cost significantly more. As a result, the lion's share of M2M healthcare revenues will go to established medical equipment manufacturers. However, that still leaves a significant sum for other players, including mobile operators, to fight for.

Hardware

- **Server shipments increased in the first quarter in every world region but Japan, driving double-digit revenue growth for most equipment vendors, according to Gartner Inc.** Shipments increased 8.5 percent from a year earlier as vendor revenue increased 17 percent. Market-share leaders HP, IBM, and Dell had sales increases of 13 percent, 23 percent and 13 percent, respectively. No. 4 Oracle had 34 percent revenue growth, as Fujitsu suffered an 8.3 percent sales decline. Eastern Europe led growth with a 21 percent shipment increase, pushing vendor revenue up 36 percent in the region.
- **Market growth for hard disk drives is projected to slow this year on rising sales of tablets and other flash-memory devices, according to IHS iSuppli.** Analyst Fang Zhang said the dominance of PCs "has been usurped as consumers increasingly use tablet devices and smartphones to browse the Internet, download and stream video and share content. Tablets and the like use flash memory for data storage rather than hard disk drives, which swipes sales from the hard-drive sector. The

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

researcher also noted that solid-state drives are eating into traditional hard-drive markets. The firm, part of IHS Inc., said revenue from computer hard disk drive would reach US\$28.1 billion this year. As this is 4.1 percent higher than in 2010, the pace of growth is sharply slower than last year's 7 percent. IHS iSuppli also forecast ever smaller increments of growth in the years to come, excluding a predicted spike in 2013.

Telecommunications

- **Global telecommunication capital spending will increase 2.9 percent this year, according to the Yankee Group.** The capital spending increases this year across every region, except North America, which will be down slightly by 3 percent. Mobile operators around the world are entering a new network upgrade cycle driven by the rollout of 4G networks based on HSPA+, Wimax and LTE. The rebound will also be seen in emerging telecommunication markets, where capital spending is required to bring both basic and advanced services to the masses. Despite predictions of aggregate capex decreases in the region for 2010, Chinese telecommunication operators showed resilience in 2010. This year, China Mobile, China Unicom and China Telecom combined will increase capital spending by 10 percent, from US\$35.3 billion to US\$38.9 billion.
- **Total global revenue from Distributed Antenna Systems will surpass US\$13 billion in 2015, according to In-Stat.** By 2012, the value for all DAS projects in North America, with the exception of metro area outdoor DAS, nears US\$2 billion. In the Caribbean and Latin America regions, DAS revenue will increase 20 percent or more over the forecast period. By 2015, hospitals and healthcare will represent almost half of the DAS revenue opportunities for indoor deployments in Western Europe. In Eastern Europe, the build-up for DAS starts modestly, but increases to 3,897 new deployments in 2015. In 2010, 15,000 nodes were deployed in metro area outdoor DAS. Distributed antenna systems bridge several key areas in mobile coverage. Femto-, pico-, micro-, and macrocells all expand mobile services and each provides a specific service for a specific application. However, for each nodeB, latencies must be accounted for, and each nodeB requires its own backhaul.

Internet

- **Four and a half million domain names were added to the internet in the first three months of this year, according to VeriSign.** The first quarter of this year closed with a base of more than 209.8 million domain name registrations across all TLDs, or a 2.2 percent increase over the fourth quarter of 2010. Registrations increased by 15.3 million, or 7.9 percent year over year. Verisign's combined base of .com and .net domain names experienced aggregate growth in the first quarter, surpassing a total of 108 million names. New .com and .net registrations totaled 8.3 million during the first quarter. The total represents a 9.2 percent increase year over year in new registrations, and a 2.7 percent increase from the fourth quarter. The .com/.net renewal rate for the first quarter was 73.8 percent, up from 72.7 percent from the fourth quarter.
- **Internet users will upload and download 1.2 million petabytes of data per year by 2015, approximately seven times more than in 2010, according to Informa Telecoms & Media.** Video will experience growth due to the popularity of services such as BBC iPlayer and Netflix, and will account for over half of all internet traffic by 2015. But other services, notably online storage and back-up services such as Rapidshare and Dropbox will experience considerable growth. The amount of internet and service traffic will vary from region to region and despite the focus on the US, Asia will be the larger region in terms of traffic by 2015. Asia Pacific's share will have increased to 42 percent of global internet traffic by virtue of growth in user numbers that this region will see over the forecast

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

period. Asia as a region has strong divisions between developing and developed markets, but even within these segments there are major differences.

Japan

Hardware

- **Sony Corp. had lower its net income forecast to 80 billion yen (US\$978 million) for this fiscal year as the company seeks to recover from Japan's record earthquake and copes with a string of hacker attacks.** The new forecast missed the 115.9 billion yen (US\$1.4 billion) average of 12 analyst estimates compiled by Bloomberg. The magnitude-9 temblor drove the maker of Bravia televisions to write down the value of deferred tax assets to record a third-consecutive annual loss for the first time since its listing in 1958. Sony, Japan's biggest exporter of consumer electronics, has been impacted by a string of attacks by hackers since April, incurring an estimated cost of 14 billion yen (US\$173 million) this fiscal year. Revenues are expected to increase 4.4 percent to 7.5 trillion yen (US\$93 billion) during the 12 months started April 1. Sony also warned that its television business might lose money for the eighth straight year as the March 11 natural disaster further delays the flagship segment's comeback.
- **Sony Corp. has discovered a security breach at a music entertainment unit in Greece affecting 8,500 user accounts, as well as two smaller incidents involving unauthorized access in Thailand and Indonesia.** The latest incidents come as Sony is working to improve security measures and restore customer trust after hacker attacks on the company's PlayStation Network and other online entertainment services affected 100 million user accounts worldwide since last month. Sony said its Greek unit, Sony Music Entertainment Greece, found a data breach on its artist websites where fans sign up to subscribe to newsletters. Usernames, passwords, e-mails and phone numbers for 8,500 accounts for these websites have been compromised. But the breach didn't involve any credit-card details because the sites were free of charge. Sony found traces of unauthorized access to its electronics marketing unit's website.

Media, Entertainment and Gaming

- **A subsidiary of Japanese telecom KDDI Corp. has developed a software program that automates the process of rendering 3-D animations.** Using the program, a five-minute 3-D animation of a computer-generated character dancing to music can be created in just 2 seconds, much faster than the entire day that is normally required. The animated content can be distributed over the Internet for viewing on computers and smartphones that run the Android operating system. KDDI R&D Laboratories Inc. hopes to have a practical version of its software ready within the year for marketing to software developers, game developers and companies that do business with branded characters. The company envisions the program being used for such applications as Net advertisements and in video games where players can make avatars dance to different songs. In the normal process of rendering a 3-D animation of a character dancing, the computer-generated character is mapped to data that has been collected by recording a real person acting out the actual dance movements.

Telecommunications

- Softbank and Korea Telecom will enter a cloud computing joint venture worth 70 billion won (US\$65 million). KT will hold a 51% stake in the JV with Softbank holding the remaining 49%. Both firms will open a data center by October in Gimhae, near Busan in South Korea to offer cloud services to

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

Japanese companies seeking a more reliable power source for their data centers. Companies in Japan were told to cut back on electricity use by 15% from July as part of the country's efforts to cope with the energy shortage, a move that might prove a challenge to certain companies' data center operations. According to Yonhap News, Softbank intends for the project to protect critical corporate systems and data from natural disasters such as earthquakes. KT had last week announced its intention to generate nearly half its revenue from areas outside of core telecom by 2015, in the face of a saturated domestic telecom market.

- **Son-san, chief executive of Softbank Corp., said that his company will spend at least tens of billions of yen to build more solar power facilities in Japan.** The CEO argued that Japan should reduce its dependence on nuclear power and use more renewable energy such as solar, wind and geothermal power. Such a stance might find a greater audience now that Japan is reviewing its long-term energy policy in the wake of the country's worst-ever nuclear disaster that is still unfolding at the earthquake-crippled Fukushima Daiichi plant. Renewable energy accounts for only about 10 percent of Japan's electricity, but the country should aim to raise that portion to 30 percent by 2020. But solar power is unconnected to Softbank's current business portfolio.

Korea

Telecommunications

- **KT Corp. expects revenue from its non-telecom and global businesses, including cloud-based computing, finance and the global telecommunication, to grow approximately 60 percent in 2015 from last year.** KT's total revenue from the two business line was 7 trillion won (US\$6.4 billion). KT also said in a statement that it expects its revenue from its telecom business to increase to 22 trillion won (US\$23 billion) by 2015. Facing a highly saturated domestic telecom market, South Korean telecom firms are seeking ways to boost their bottom line in the non-telecom business.

Wireless/Mobile

- **SK Telecom is continuing its efforts to expand its T Store app store outside of Korea, arranging to list the contents on China Mobile's app store.** SK Telecom announced in November 2010 its mobile content partnerships with Lenovo and Tencent QQ. SK Telecom announced that it planned to connect the T Store platforms in Korea, China, Japan and Taiwan, allowing developers to distribute their wares across all four markets. The company will also open a global distribution center next month that will provide help to developers looking to enter overseas markets on issues such as localization and copyright infringement.

Internet

- **Daum Communications Corp.'s first-quarter earnings increased 66 percent from a year ago, driven by higher advertisement sales.** Net income reached 25.6 billion won (US\$23.6 million) in the January-March period. Sales rose 33.7 percent on-year to 97.2 billion won and operating profit also increased 60.4 percent to 30.6 billion won (US\$28 million). The operator of the Daum Web portal site said increased online advertisement sales fueled the first-quarter bottom line growth. Revenues from display and banner ads increased 56.3 percent from a year ago. Its partnership with SK Communications Inc., the Web search market's No. 3 player, to share their content starting in June is seen to help the two companies compete with the industry juggernaut NHN Corp.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

China

Internet

- **The9, Intel Capital, Time Warner and NV Investments have jointly invested a total of US\$23 million in YouWeb Incubator subsidiary CrowdStar, which operates social games through Facebook, tech.qq.com reported.** The9 had previously invested in YouWeb's mobile social gaming platform OpenFeint and obtained the rights to operate the platform in mainland China. CrowdStar's active paying accounts on Facebook are worth nearly US\$30 million, the third highest amount after application developers Zynga and Electronic Arts. CrowdStar's games include Happy Aquarium and It Girl.
- **360buy.com lifted its fiscal 2011 sales target to between 28-30 billion yuan (US\$4.3- 4.6 million), according to CEO Liu Qiangdong.** The company's sales revenue increased 206 percent year- on- year in the first quarter of the year, helping it narrow its net loss.
- **China's State Administration of Industry and Commerce will investigate online ads, including product placement ads and pre-roll ads that play prior to video clips, as well mobile phone internet ads, in an effort to form better regulations, SAIC deputy director Gan Lin cited.** In 2010, there were 46,000 legal cases of alleged illegal advertising that resulted in court orders halting 13,000 ads and closing 1,840 businesses.
- **Baidu is looking at expanding into more foreign markets and is investing in technology infrastructure that would support overseas expansion, Haoyu Shen, senior vice president for operations.** Baidu already operates a search engine in Japan. Baidu has turned Youa, an e-commerce site that struggled to gain traction, into a local advertising services site after the company said in March it would transfer its e-commerce merchants to other web sites.

Mobile/Wireless

- **KongZhong had net loss of US\$460,000 in the first quarter of this year, compared to income of US\$5.02 million in Q4 2010 and US\$3.17 million in Q1 2010.** The company attributed the net loss to one-time write-downs for its acquired subsidiary Dacheng. The company's revenue during the period expanded 36 percent year- on- year and 11 percent quarter- on- quarter to US\$40.13 million, beating its guidance of US\$38.5-39.5 million. Wireless value-added services revenues in the quarter were US\$21.36 million, up 23 percent quarter- on- quarter yet down 21 percent year- on- year, as mobile game revenues were US\$12.27 million, a 29 percent increase year- on- year and a 4 percent decrease quarter- on- quarter. For the second quarter of 2011, the company expects revenue of US\$41.5-\$42.5 million and net profit of US\$4-\$5 million.
- **Motorola Mobility expects to see a major turnaround in the China market in 2012.** Motorola had a 25 percent share of the Android-based smartphone market and a 9 percent share of the entire smartphone market in China. The company is strengthening its cooperation with local carriers China Mobile, China Telecom, and China Unicom, especially for the high-end segment. Motorola also will release TD-SCDMA smartphones with China Mobile and dual-core models with China Unicom and China Telecom, Meng said.

Telecommunications

- **China Unicom, China's second-biggest mobile-phone operator, offered a cheaper iPhone package amid rising competition with larger rival China Mobile Ltd. in the world's biggest wireless-phone market.** China Unicom started offering a 66-yuan-a- month (US\$10) plan for the

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

iPhone after previously setting the lowest-priced package at 96 yuan, President Lu Yimin said. Unicom, the only carrier in China offering the iPhone with a service contract, added 1.82 million 3G subscribers for a total of 20.4 million in April, the company said this month. That lagged behind the 29.4 million 3G users for China Mobile, whose total customer base of 606.2 million is almost double Unicom's 323.6 million.

- **Huawei Technologies aims to grow its sales from enterprise business to US\$15 billion in the next three to five years, as the Chinese vendor expands beyond conventional telecom market.** David He, president of marketing at Huawei Enterprise Business, said the company will double the sales to US\$4 billion in 2011 from the US\$2 billion last year. The enterprise business is one of the company's key focuses in 2011, and Huawei is significantly increasing its investments in this area. At present there are 10,000 employees - of which 6,000 are R&D staff - working at the enterprise business. He said the company will hire more staff to expand business and promoting Huawei's brand to enterprise through various marketing initiatives. The enterprise business, which was released in 2010, offers product and solution portfolio covering enterprise network infrastructure, enterprise communication, data center, cloud computing and enterprise applications.
- **China Mobile had 5.31 million new subscribers in April, bringing its total user base to 606.15 million.** The company's 3G users reached 29.38 million by the end of April. China Unicom added 1.82 million 3G users and 659,000 2G users in April, bringing its total 3G and 2G users to 20.35 million and 156.66 million, respectively, it announced May 20. The company gained 628,000 broadband users to reach a total of 50.43 million in the month, as fixed-line users declined by 402,000 to 96.15 million. China Telecom had a total of 172.95 million fixed-line subscribers by the end of April, down 410,000 from the previous month, as the carrier's broadband subscriber base increased by 970,000 to reach 67.82 million by the end of April. The company's mobile user base increased by 2.85 million in April to reach a total of 103.1 million, including 3G subscribers.

Media, Entertainment and Gaming

- **Macau casino operator MGM China raised US\$1.5 billion from its Hong Kong initial public offering after pricing it at the top of its indicative range.** The firm, co-owned by MGM Resorts International and casino mogul Stanley Ho's daughter Pansy Ho, is the last to be listed out of six casino companies operating in Macau. In a statement to the Hong Kong Stock Exchange, MGM China said it sold 760 million shares at HK\$15.34 a share, raising HK\$11.66 billion (US\$1.5 billion) after setting an indicative range of HK\$12.36 to HK\$15.34 a share. Macau's biggest casino operator, Stanley Ho's SJM Holdings, has nearly three times the revenue of MGM China, while No. 2 company Sands China, the unit of billionaire Sheldon Adelson's Las Vegas Sands Corp, is nearly double that of MGM China. January-April gaming revenue in Macau totalled US\$10 billion, matching Las Vegas's total for the whole of 2010. MGM China's IPO was backed by cornerstone investors including hedge fund manager John Paulson, who jointly bought US\$190 million worth of shares. Macau's gaming market is forecast to double in size to US\$50 billion between 2013 and 2015, according to Goldman Sachs estimates. The number of visitors to Macau are expected to jump nearly 54 percent by 2015 from 2010 to 38.4 million people, while the number of hotel rooms is expected to go up 41 percent over the same period.
- **Perfect World had Q1 2011 net income of 263.7 million yuan (US\$40.3 million) compared to 125.2 million yuan (US\$19.3 million) in the previous quarter and 305.2 million yuan (US\$47 million) in Q1 2010.** Online games contributed 646.2 million yuan (US\$98.7 million) in revenues. Aggregate average concurrent users for the company's games under operation in mainland China was

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

approximately 905,000 in Q1 2011, as compared to 999,000 in Q4 2010 and 993,000 in Q1 2010. The company attributed the ACU decline to seasonality. The company expects to earn total revenues for the second quarter of 2011 of between 685 million yuan (US\$105.5 million) and 721 million yuan (US\$111 million), representing an increase 15 percent to 21 percent year- on- year. In addition, the company will work with SEGA to develop an item-based MMORPG based on the Japanese cartoon Saint Seiya. The game is expected to be released in China before the end of the year.

- **Focus Media had net income of US\$20.5 million for the first quarter of 2011, or US\$0.14 per fully diluted ADS, compared with net loss of nearly US\$1 million in the same period last year.** Its total revenue reached US\$146.6 million, up 17.3 percent annually. The company will release advertising screens with location-based service functions in seven cities in the second half of the year.

Alternative Energy

- **Suntech Power Holdings made net income of US\$31.9 million for its first quarter 2011.** Consolidated gross profit margin was 19.0 percent in the quarter, compared to 16.2 percent in the fourth quarter of 2010 and 19.5 percent in the first quarter of 2010. The company had total revenues of US\$877.0 million, or a sequential decrease of 7.2 percent and an annual increase of 49.1 percent. The company attributed the sequential revenue decline to a 3.1 percent decrease in PV shipments, resulting mainly from policy uncertainty in Italy, and a slight decline in the average selling price of PV products. PV shipments increased 62.9 percent on an annual basis. The company booked a foreign exchange gain of US\$29.9 million in the quarter, compared to a foreign exchange losses of US\$2.8 million in the fourth quarter of 2010 and US\$24.5 million in the first quarter of 2010. Suntech had a total of 2.2GW of PV cell and module capacity and 1GW of silicon ingot and wafer capacity as of the end of the quarter.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **Bharat Sanchar Nigam Ltd. will split off its telecommunication towers into a separate unit and sell a stake in it to private-equity firms and telecom companies, according to the Business Standard.** The telephony services provider has more than 40,000 towers, which could be valued at about 160-200 billion rupees (US\$3.5-4.4 billion) based on similar deals in the sector.
- **Telekom Malaysia Bhd.'s first- quarter net profit declined 33 percent due to higher operating costs and lower unrealized exchange gains on the translation of foreign currency borrowings.** Net profit for the three months ended March 31 declined to 163.3 million ringgits (US\$54 million). Revenue for the quarter grew to 2.15 billion ringgits (US\$710 million), which the company mainly attributed to higher revenue from data, Internet and multimedia services, which mitigated the impact of lower revenue from voice and other telecommunications-related services. Telekom Malaysia said data revenue for the quarter grew 6.8 percent to 424.6 million ringgits (US\$140.4 million), helped by demand for higher bandwidth services, as Internet and multimedia services revenue grew 12.7 percent to 453.4 million ringgits (US\$149.8 million). Its foreign-exchange gain on borrowing declined to 38.4 million ringgits (US\$12.6 million).
- **India's communications ministry will divide BSNL into four regional units, as part of the latest plan to turn around the struggling state-owned operator.** Each BSNL director will be responsible for one of the zones, and assume financial accountability for that area.. Each zone's performance would be measured monthly against the results from the same month a year earlier, with

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

punitive action for key executives threatened if performance drops significantly. BSNL was also told earlier this month to synergize its operations with MTNL to allow them to function as a pan-Indian operator. The companies revealed they were on the case, and released the first joint initiative, special tariff plans for paramilitary forces. BSNL is looking for private sector investment in a new tower company that would be created by hiving off the company's tower business. The company is currently in talks with other operators to rent out capacity on its network.

- **Australia's vividwireless is betting on its spectrum to give it a competitive advantage in the country's embryonic LTE market.** The operator, which operates a Wimax network in Perth, Sydney, Melbourne, Adelaide, Brisbane and Canberra, has been testing TD-LTE using equipment provided by Huawei. The company is now deciding whether to upgrade its network to TD-LTE or to run both Wimax and TD-LTE in tandem. As TD-LTE certainly figures into our national rollout plans, a final decision is still being made. The RAN part of TD-LTE is commercially ready, the limiting factor is devices.
- **Telecom Corp. of New Zealand Ltd. will split into two companies after the government announced the country's largest telecommunications company will help build a US\$2.8 billion high-speed broadband network that will cover 75 percent of New Zealand homes.** Telecom NZ's participation in the project means being broken up into an infrastructure company and a retailing firm. Under the terms of the agreement with the government, retailers are only allowed a minority stake in the new network. The New Zealand government will fund up to NZ\$929 million (US\$761 million) of the project and funding will be split half between debt and non-voting equity in the new network. The decision relieves concerns that Telecom NZ would be left to compete against the new network with its aging copper network. If the company hadn't won the bid, it would continue to be under regulatory scrutiny. The move is positive for Telecom in the long run as it gives direct financial support that allows for flexible repayment of government funding.
- **Australia's biggest pay-tv firm, Foxtel has made a bid for Austar United Communications, valuing the target company at A\$1.93 billion (US\$2.03 billion).** Foxtel has offered US\$1.52 in cash for the regional operator. Austar said its board considered the higher offer price was appropriate for a change of control transaction, and that it would work with Foxtel towards agreeing a scheme of arrangement to implement the deal. The conditional offer follows a period of talks amongst the parties, including Austar's majority shareholder, Liberty Global Inc, Foxtel and its owners, Telstra, Consolidated Media Holdings and News Corporation. Conditions of the proposal are due diligence, financing, negotiation and execution of definitive transaction agreements, and final board approvals. This would be conditional on approval from the Australian Competition and Consumer Commission and the Foreign Investment Review Board, an independent expert's assessment that the transaction is in the best interests of AUSTAR shareholders, minority shareholder and court approval, and other conditions.
- **Greenpacket narrowed its net loss in the first quarter on the back of higher revenues totaled 121.71 million ringgits (US\$40.2 million), up 40.2 percent from 86.82 million in the year-ago quarter.** Software and devices revenues grew 112.6 percent to 47.34 million ringgits (US\$15.6 million), broadband services revenues grew 22.8 percent to 56.17 million, as voice services revenues slipped 3.3 percent to 18.20 million. Greenpacket narrowed its net loss to 37.89 million ringgits (US\$12.5 million) from a net loss of 44.75 million a year earlier. Greenpacket is a worldwide vendor of Wimax devices and also operates a Wimax service provider in Malaysia under the P1 brand.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

- **The board of Thai state telecommunication enterprise TOT PCL has signed a loan deal worth 14.71 billion baht (US\$484 million) to finance its investment in a third-generation telecommunications network.** The 10-year loans, to be arranged by Bank of Ayudhya PCL and United Overseas Bank and signed, will need to be drawn down within 20 months and will have a two-year grace period, TOT board spokesman Praphan Boonyakiat said. TOT awarded a 16.00 billion baht (US\$527 million) contract to SL Consortium, which comprises units of Samart Corp PCL and Loxley PCL, to build its 3G network.
- **PT Tower Bersama Infrastructure procured 400 more units of a new tower model in the second quarter of this year.** Chief financial officer of the company Helmy Yusman Santoso said the company will build and acquire more units of the tower model. The construction and acquisition of the new towers will cost around US\$30 million, Santoso said. This year the company sets aside US\$120 million for capital expenditures.
- **PT Telkom Tbk will allocate 55 percent of last year's net profit of 11.5 trillion rupees (US\$1.34 billion) as dividends, 6.34 trillion rupees (US\$138 billion) in total, Telkom president director Rinaldi Firmansyah said.** The dividends included interim dividends worth 526.1 billion rupees (US\$11.6 billion) paid to shareholders on January 11, 2011. The shareholders also will acquire back Telkom shares worth 5.1 trillion rupees (US\$113 billion). Telkom finance director Sudiro Asno said the buyback program would be carried out in 18 months. He said 115.37 billion rupees (US\$2.5 billion) of the 2010 net profit was allocated for partnership programs and 115.37 billion rupees (US\$2.5 billion) for environmental conservation.
- **The Philippine Securities and Exchange Commission has eased payment terms for PLDT's acquisition of a controlling stake in Digitel, saving PLDT more than 100 million pesos (US\$2.3 million) in transaction costs.** The SEC has approved in principle a joint request from PLDT and Digitel's majority shareholder JG Summit Holdings. The request now just needs to be refilled as a formal application for exemptive relief, according to SEC secretary Gerard M. Lukban. The request asks for the escrow requirement to be waived, which will save PLDT over 100 million pesos (US\$2.3 million) in fees.
- **Sify Technologies Ltd. will partner with the international wholesale arm of Deutsche Telekom AG to provide Internet and virtual private network services connecting Sify's India market with customers in Europe.** Terms of the deal with Deutsche Telekom's International Carrier Sales & Solutions business weren't disclosed. Sify earlier this month had a narrower fiscal fourth-quarter loss, with top-line growth largely driven by international services revenue. It has expanded that business with a US\$700 million fiber-optic submarine cable to Europe and linked with the Gulf Bridge International cable system in the Middle East through a connection to India that will go live in the second half of 2011.

Information Technology

- **Tech Mahindra Ltd. had a sharp drop in fourth-quarter net profit, hit by losses at associate Satyam Computer Services Ltd., despite a strong revival in core business at the Indian software exporter.** Net profit for the January-March period slumped 59 percent to 921 million rupees (US\$20.4 million). Profit declined more than 64 percent from the previous three months. The just-ended quarter results included a 1.14 billion rupees (US\$25 million) loss related to its ownership in Satyam Computer. Hyderabad-based Satyam had a net loss of 3.27 billion rupees (US\$72 million) for the three months through March, after it took a one-time charge of 5.72 billion rupees (US\$127 million) mainly to settle a shareholder lawsuit in the U.S. Excluding Satyam's losses, Tech Mahindra

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

had a net profit of 2.07 billion rupees (US\$45.8 million). Consolidated revenue grew 6.6 percent to 12.62 billion rupees (US\$279 million). Sales grew 4.2 percent from the third quarter, supported by a 2.5 percent growth in the volume of outsourcing business. The company added two clients in the quarter, taking total clients to 128.

Internet

- British online gaming firm Sportingbet has agreed to buy Australia's Centrebet International Ltd for A\$183 million (US\$195.8 million), funding the deal with a discounted share sale and bond issue.
- **Carsales.com Ltd will buy back up to 10 percent of its issued capital over the next year to give it flexibility in capital management.** The buy-back would cost Carsales.com Ltd around A\$106 million (US\$111.79 million). Carsales.com said the buy-back would begin on June 9. The timing and actual number of shares acquired would depend on market conditions and other future events such as acquisitions and divestments.

Mobile/ Wireless

- **Liberty Telecoms Holdings Inc., a joint venture between San Miguel Corp. (SMC) and Qatar Telecom (QTel), is raring to join the telecommunications fray as the third player, after a now-combined PLDT-Digitel and Globe Telecom, Chairman Ramon S. Ang told reporters.** It reported revenues for the first quarter of 115.21 million pesos (US\$2.6 million) from its Wimax unit Wi-tribe Telecoms with total revenues of 3.47 million pesos (US\$80,046) as the service was only launched in February 2010. Liberty had a net loss of 346.11 million pesos (US\$7.9 million), versus a net loss of 192.47 million pesos (US\$4.4 million) in the year-ago quarter, as the company is still building up internal organizational capabilities, sales force, and network to support the ongoing Wi-tribe business. This year, LTHI is allocating US\$17.9 million or about 770 million pesos for the rollout of wireless broadband services in Subic Special Economic Zone (SSEZ) next year. In a filing with the National Telecommunications Commission, Liberty asked approval to operate and deploy wireless services infrastructure in Subic so it can start offering Worldwide Interoperability for Microwave Access (WiMAX) and Long-Term Evolution (LTE) by next year. Aside from the US\$17.9 million capex, the company committed to spend 75.2 million pesos (US\$1.75 million) a year for network operational expenses. Liberty Telecoms is still under corporate rehabilitation with a total debt obligation of P1.7 billion (US\$39.5 million).
- **Spice i2i has completed the acquisition of the Affinity Group.** The Affinity Group owns Indonesian handset distributor Selular Global Net and the Nexian brand. Spice said it would look for similar opportunities in other Asian countries as well.
- **The Sri Lankan mobile phone market is overcrowded and ready for consolidation as intensifying competition is eroding profitability, according to Fitch Ratings.** The ratings agency sees competition among operators to remain high throughout this year. Subscriber acquisition and retention costs might keep operators' profitability under pressure over the medium-term, as subscriber growth in both the mobile and fixed segments has slowed. Some consolidation among operators might prove healthy for the industry. Three large operators - Dialog, Mobitel, and Etisalat, control around 82 percent of the subscriber market at the end of last year. Hutchison Telecommunications Lanka and Bharti Airtel Lanka with weak economies of scale.

Media, Gaming and Entertainment

- **MCOT Public Company Limited's revenue in the first quarter of 2011 increased 15 percent to Bt1.27 billion (US\$41.96 million) year-on-year, according to MCOT President Tanawat**

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

Wansom. Mr Tanawat said earnings for the company's television broadcasting rose by 14 percent. Efficient utilization rate management for advertisements by organizing more promotions, events, concerts and special TV program-related activities helped MCOT expand its market share and to increase spending for TV commercials. A price adjustment for advertising fees and a new TV program schedule with additional edutainment TV programs different from other TV channels, generated more income for its television broadcast business as the show gained positive feedback. Modernine TV maintained its audience ratio at third place in the first three months of 2011.

United States/Canada

Internet

- **Over 3 billion videos are watched each day on YouTube, Google announced, 50 percent more than a year ago.** Users are uploading over 48 hours of videos on YouTube each minute, an increase of 37 percent from six months ago and double the amount a year ago.
- **Google Inc. has doubled the number of video ads that it places on partner sites in the past year, a sign it's making headway in a push to expand display advertising.** Demand for video ads also has increased Google's AdMob network, which targets applications and websites on mobile devices. Requests for the spots have grown an average of more than 70 percent month to month since July. Google, which traditionally has gleaned much of its video advertising from its YouTube unit, is aiming to benefit from new online ad formats to sustain sales growth as it competes with rivals such as Apple and Facebook for user attention and marketing dollars. Spending on video ads may grow 39 percent in the U.S. this year, as the overall online ad market should grow 11 percent, according to research firm EMarketer Inc.
- **Twitter Inc. has acquired TweetDeck, which makes an add-on program for viewing and managing "tweets," or messages sent through Twitter's microblogging service, for more than US\$40 million in cash and stock, CNN Money reported.** As the deal has yet to be announced, papers finalizing the deal were signed. The blog TechCrunch said that Twitter had acquired TweetDeck for US\$40 million to US\$50 million. UberMedia was close to acquiring TweetDeck in February for about US\$25 million to US\$30 million, but an unsolicited counteroffer from Twitter disrupted that deal.
- **Kabam Inc. is getting US\$85 million in a financing round led by Google's venture arm, helping the startup expand in Asia, hire developers and make acquisitions.** The investment, co-led by Pinnacle Ventures, values Kabam at about US\$500 million. The Redwood City, California-based company has raised US\$125 million since it was founded in 2006. Kabam lets users play its games for free on Facebook, similar to the approach Zynga has used to reach a multibillion-dollar valuation. Both companies make money by charging for virtual items -- a market that's expected to more than double to US\$20.3 billion in 2014, from US\$9.3 billion last year, according to ThinkEquity LLC. The difference with Kabam: It's targeting so-called hard-core gamers, who spend hours pursuing complex adventures, often on video-game consoles. The latest investment also includes financing from Performance Equity Management LLC and SK Telecom Ventures, a unit of South Korea's largest mobile-phone company. Kabam's earlier investors, Intel Capital, Canaan Partners and Redpoint Ventures, are also contributed to the round. Chou, 31, declined to comment on the valuation.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

- **Facebook is planning to release its music-streaming service with digital music service Spotify, Forbes cited.** The new service may be called "Facebook Music" or "Spotify on Facebook," but will only be available for Facebook users in countries where Spotify has a presence, and so excluding the US. Talks are still ongoing between Spotify and music labels about bringing the streaming service to the US. Once these are completed, Facebook's Spotify will release in the US as well. The integrated service is currently being tested, but when released, Facebook users will see a Spotify icon appear on the left side of their newsfeed, along with the usual icons for photos and events. Clicking on the icon will install the service on their desktop in the background, and allow users play from Spotify's library of songs through Facebook. Facebook users will be able to listen to music simultaneously with their friends over the social network.

Media, Entertainment and Gaming

- **Zynga has become the latest Internet company to be linked with flotation, following in the footsteps of LinkedIn and Yandex.** Zynga will file its initial public offering with the Securities and Exchange Commission this week or next, according to All Things Digital. The company was at US\$10 billion recently after a private fund-raising round. It is seen to price itself higher for the IPO. The news comes following LinkedIn's stock market debut, which saw the social network's shares more than double from their IPO price of US\$45 in the first day of trading. Even after a small dip, the company is now valued at around US\$9 billion. Russia's Yandex priced its shares at US\$25, above its seen US\$20-US\$22 range, and saw them rise by 55 percent on the first day, valuing the company at approximately US\$8 billion.
- **Level 3 reminded the industry that content delivery networks are not solely for video after it was selected by online games publisher Frogster to support its range of massively multiplayer online titles.** The deal will see Level 3 provide caching and delivery services for high-speed downloads and updates from the German games publisher's portfolio, which boasts 6 million users across Europe, America and Oceania.
- **John Malone, chairman and controlling shareholder of Liberty Media Corp., said he believes Google's Android mobile operating system, which powers Barnes & Noble's Nook device, could dominate the e-book market in terms of unit sales.** Malone and Liberty Chief Executive Greg Maffei signaled that the potential for the Nook platform to become the e-book application of choice for consumers on all Android-based tablet devices is a key reason for the company's bid for the ailing bookstore chain, which values Barnes & Noble at US\$1.02 billion. With Barnes & Noble's retail business in steep decline and its Nook device playing catch-up with Amazon Inc.'s Kindle, Liberty's offer of US\$17 a share for 70 percent of the book chain surprised investors, many of whom were betting that Barnes & Noble shares would continue their slide after the company held a failed auction for itself as its chief rival, Borders, filed for bankruptcy.

Telecommunications

- **Partner Communications Co.'s first-quarter earnings declined 25 percent to NIS254 million (US\$73 million), reflecting lower interconnect tariffs and other new consumer regulations that intensified competition in the cellular market.** The Israeli communications operator's top line has increased of late as the company has been adding subscribers. It added 26,000 subscribers in the latest period, raising its customer base 3.8 percent to 3.19 billion. Monthly average revenue per user, a key telecom gauge, declined 5 percent as churn--or customer turnover rate, grew to 7.3 percent from 5.2 percent a year earlier.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

- **U.S. based Paetec Corp. is the latest company to bank on cloud services to jumpstart its growth and share price.** The company would add 13 data centers by the end of 2012 in a strong commitment to delivering cloud services. Paetec Chief Executive Arunas Chesonis said he sees the business to grow eightfold, to US\$400 million over the next five years. As a result of the company's growth initiatives, he sees to see 5 percent to 7 percent revenue growth over the same period. The company, which has carved out a niche of serving medium-sized business customers, hopes the combination of cloud services with its network infrastructure will draw new customers and investors alike. It's one of hundreds of companies looking to tie themselves to cloud services, seen as the next hot trend in technology.

Semiconductors

- **Skyworks Solutions has signed a definitive agreement to purchase SiGe Semiconductor with US\$210 million in cash, plus an additional US\$65 million if certain performance targets are met over the next twelve months.** As a result, Skyworks will be able to offer customers a wireless networking product portfolio, supporting all operating frequencies. Skyworks immediately expands its addressable content opportunity within several product areas, including smartphones, tablets, gaming consoles, notebook PCs and home automation systems. The transaction has been approved by Skyworks' and SiGe's boards of directors and is anticipated to close in June, subject to customary closing conditions, including the receipt of domestic and foreign regulatory approvals.

Hardware

- **Apple has admitted that its operating system had been infiltrated by malicious software "Mac Defender" that throws up pornographic material on a user's screen in order to get their credit card details.** Mac Defender performs fake disk scans and throws up reports of fake infections to scare a user into disclosing their credit card details, and into buying the product. The malware program routinely displays pornography if a user chooses not to pay up. Apple has been tight-lipped about Mac Defender. On May 19, US media reported the contents of a leaked Apple internal memo instructing that staff "do not confirm or deny that any such software has been installed".
- **Sycamore Networks Inc.'s fiscal third-quarter loss widened, despite a wider release of its bandwidth management services, as revenue and interest income declined.** The company had its first quarterly profit in two and a half years last September before again reporting a loss for the second quarter. Recent interest has centered on Sycamore's IQstream product line, which helps mobile data carriers reduce congestion. For the quarter ended April 30, Sycamore had a loss of US\$4.1 million, or 14 cents a share, compared with a prior-year loss of US\$3.7 million, or 13 cents a share. Revenue declined 19 percent to US\$11.9 million.
- **TiVo Inc. had the most profitable quarter in the company's history in the fiscal first quarter thanks to its recent legal settlement with Dish Network Corp.** With the dispute with Dish behind the company, a new deal with Comcast Corp. and a continued rollout by other cable companies, TiVo is establishing a clearer path back to profitability and subscriber growth. But the boost to the bottom line was only a temporary one. The company continues to struggle with the transition from its more mature, and deteriorating, business to its new, more profitable products. TiVo expects to return to a loss in the second quarter of US\$25 million to US\$27 million on service and technology revenue of US\$46 million to US\$48 million. Analysts polled by Thomson Reuters most recently seen a loss of US\$17.6 million on US\$42.8 million in total revenue. Service and technology revenues account for the bulk of the total. Analysts' estimates exclude impacts from a recent settlement. Revenue declined 25 percent to US\$45.8 million as service and technology revenue declined 10 percent to US\$38.8 million.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

Europe

Internet

- **IAC/InterActiveCorp's Match.com unit offered to buy all outstanding shares of French online dating service Meetic for 15 euros (US\$21.6) a share.** Match.com said it does not plan to delist Meetic after completion of the offer, which values the entire company at about 347 million euros (US\$497 million). Match.com, which already owned 27 percent of Meetic and with whom it had previously merged its European business, said Meetic founder and Chief Executive Marc Simoncini had agreed to sell about 3.7 million shares into the tender offer. That is equivalent to 16 percent of Meetic's outstanding shares. Simoncini will retain 1.6 million, or about 7 percent, of the company's outstanding shares, and will remain on Meetic's board, IAC said in a statement. The offer is 11.6 percent higher than Meetic's last closing price, but the premium left some investors less than enthusiastic. "At very first glance, the offer doesn't look very appealing -- 7.3 times EV/EBITDA, PE ratio 13.9 times," said one Paris-based trader.
- **Yandex said the underwriters of its Nasdaq IPO had exercised an over-allotment option in full, bringing the total raised to US\$1.43 billion.** Yandex, which raised \$1.3 billion in the biggest internet IPO in the U.S. since Google seven years ago, saw its shares increased 55 percent in their trading debut on Tuesday. Based on Thursday's closing price of \$33.33, Yandex is valued at US\$10.7 billion. Yandex's net proceeds from the offering will be US\$399 million.

Telecommunications

- **Cable & Wireless Communications Plc, which was demerged from Cable & Wireless Worldwide Plc last year, reported a decline in fiscal 2011 profit primarily due to the absence of prior year's sale gain.** However, pre-tax profit grew 21 percent, reflecting higher mobile and broadband customers. Profit attributable to owners of the parent company fell to US\$197 million or 7.5 cents per share from US\$304 million or 11.8 cents per share in the prior year. Before exceptional items, attributable profit plunged to US\$189 million from \$486 million in the previous year, while profit from continuing operations grew to \$337 million from \$327 million a year ago. Revenue for the year rose 4 percent to US\$2.44 billion from US\$2.35 billion in the prior year. According to the company, the growth mainly reflected a 19 percent rise in revenues from Macau benefiting from strong mobile and increased enterprise activity as well as the inclusion of a full year consolidation of the Maldives business. This was partially offset by the difficult trading in mobile and fixed line in Caribbean. In the year, mobile customers rose 3 percent to 4.75 million, and broadband customers grew 2 percent to 534 thousand, while Fixed line customers fell 10 percent to 1.32 million. Further, Cable & Wireless Communications recommended a final dividend of 5.33 US cents per share, which will be payable on August 12, to ordinary shareholders on the register on June 3. Subject to financial and trading performance in 2011/12, the company expects to recommend a full year dividend of 8 US cents per share.
- **The Dutch broadband market increased 0.7 percent in the first quarter to a total of 6.33 million connections, Telecompaper said.** Telecompaper said that 47,000 net additions were in the first three months of 2011, noting that growth in the number of cable connections was partly offset by a drop in digital-subscriber-line connections. For the full year, Telecompaper projects the broadband market to increase between 2.7 percent and 3 percent. The broadband market in the Netherlands is dominated by telecom incumbent Koninklijke KPN NV, which has a 29 percent market share, according to Telecompaper. Private-equity owned Ziggo is the second-largest player with a 24.9 percent market share, followed by Liberty Global Inc's UPC and Sweden's Tele2 AB.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

- **Spain's Ministry of Industry said the local units of France Telecom and Sweden's TeliaSonera AB have won the first auction for new mobile spectrum in the country, as top operators Telefonica SA and Vodafone Group PLC weren't allowed to take part in the bidding.** The companies will pay Spain's government 168 million euros (US\$240 million), in exchange for mobile spectrum that will allow them to launch high-speed, fourth-generation mobile services. Spain's government is looking to raise between 1.5 billion euros (US\$2.1 billion) and 2 billion euros (US\$2.8 billion) by selling off all available spectrum, as it seeks to lower its budget deficit to 6 percent of gross domestic product this year, from 9.2 percent last year. France Telecom's Orange has committed to investing 431 million euros (US\$617 million) until December 2013, and will receive spectrum in the 900 megahertz band, as TeliaSonera's Yoigo will invest 300 million euros (US\$429.5 million) and secure spectrum in the 1,800 MHz band.
- **Telefonica SA is seeking to raise about 745 million euros (US\$1.1 billion) in an initial public offering of its call-center division Atento Inversiones y Teleservicios SAU.** Telefonica is selling 33.7 million Atento shares, including the so-called over-allotment option, for a range of 19.25 euros (US\$27.6) to 25 euros (US\$35.8) each. Telefonica will raise 745 million euros (US\$1006 million). Chairman and Chief Executive Officer Cesar Alierta, who had tried to sell Atento as early as in 2007, is seeking to reduce debt and focus on Latin America to offset declining domestic market share. About 56.1 percent of Atento will be publicly tradable after the IPO. EBITDA increased 23 percent to 190 million euros (US\$272 million). Telefonica will cut 25 percent of its Spanish workforce over five years, instead of 20 percent of over three years under an earlier proposal. The phone company is betting on Latin America's economic growth to win back investors discouraged by Spain's unemployment rate, the highest in Europe. As revenue from Latin America grew 26 percent, its profit margin in the region slipped 0.5 percentage point to 36.2 percent in the first quarter.
- **Egypt's government may put off a fourth mobile-phone license following the ousting of the former regime, potentially prompting Telecom Egypt to consider a new bid for the rest of Vodafone Group Plc's local unit.** Telecom Egypt wants to offer mobile-phone services and is prepared to acquire an existing operator if it can't gain a wireless license. Vodafone ended talks last June to sell the business after Telecom Egypt initiated negotiations. Vodafone has risen 31 percent in the last 12 months. Sanford C Bernstein's Robin Bienenstock last year valued the company's holding in Vodafone Egypt Telecommunications Co. at about 3 billion pounds (US\$4.8 billion).
- **France Telecom could eventually sell minority stakes it currently holds in Austrian and Portuguese telecom operators as the group is in the process of reviewing its European asset portfolio, Chief Executive Stephane Richard said.** France Telecom is currently reviewing its European portfolio and Richard has previously said that the group could sell assets in some countries such as Austria.
- **Deutsche Telekom AG's T-Mobile is planning to layoff a quarter of its 1,900 workforce in the Netherlands, daily Het Financieele Dagblad reported.** The restructuring comes after T-Mobile Netherlands had a 5 percent revenue drop in the first quarter, as profit declined nearly 20 percent.

Information Technology

- **Logica PLC has appointed BT Group PLC executive Himanshu Raja as its new chief financial officer, ending a five month search to fill the role.** Logica said the 25 million pounds (US\$41.2 million) acquisition of privately-held Spanish consulting and professional services company Grupo Gesfor, aimed at strengthening its client support operations across Spain and Latin America.

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

Logica had market-beating first-quarter results due to strong demand for IT services from the private sector. It also flagged that its embattled U.K. business will return to growth in the second half of 2011.

Mobile/ Wireless

- **Dutch mobile revenue will fall this year and stay broadly flat up to 2015, Telecompaper said.** Telecompaper forecasts mobile revenue in The Netherlands to fall by 1 percent to 3 percent to a range between 6 billion euros (US\$8.6 billion) and 6.1 billion euros (US\$8.7 billion), and to remain flat from 2012 to 2015, down from its previous expectation for growth of 1.6 percent. Mobile termination rate reduction will continue to have an impact on voice revenues in the short term, as VoIP will also start to impact and SMS revenues are coming under pressure. The increasing popularity of smartphones, particularly among younger people, has meant voice calls and text messages are being replaced by applications like Skype and data-based messaging service WhatsApp.

South Africa/Middle East/Latin America

Telecommunications

- **Bharti Airtel will pour US\$1 billion into its African operations this year, despite the impact the loss-making segment is having on its bottom line.** Bharti group Chief Sunil Mittal said that the investment will go toward network expansion. Mittal added Africa offered long term opportunities for Indian businesses in various sectors beyond telecom, and expressed his desire for more Indian businesses to invest in Africa. Bharti had acquired Zain's African operations last year in a landmark US\$10.7 billion deal. The acquisition has so far pulled down the company's profits, as its African arm struggles to attain profitability. Mittal remains optimistic about Bharti's African business, saying most of the 16 countries it operates in are profitable. Mittal added the company needed to step up growth in Nigeria, Ghana, Uganda and Kenya.
- **Vodafone Qatar had its full-year net loss narrowed to 600.7 million Qatari riyals (US\$165 million) as revenue jumped on the back of a 63 percent-increase in the telco's customer base.** Vodafone Qatar said that 2011 revenue soared to 935 million riyals (US\$256.7 million), as the number of mobile customers grew 63 percent to 756,767. Vodafone Qatar shares closed up 1.4 percent at 7.95 riyals (US\$2.2) in a broadly negative overall market before the earnings announcement. Battling high start-up costs, the company released on the Doha bourse in July 2009 after raising 3.38 billion riyals (US\$928 million) from a 40 percent share sale in what was the biggest initial public offering in the Middle East and North Africa of the year. Full-year, long-term borrowings grew to 727.7 million riyals (US\$199.8 million).

IRG Technology, Media and Telecommunications

Weekly Market Review



Week of 23 May 2011 - 29 May 2011

Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 5/27/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	80.7700	-1.1%	-0.9%	-0.5%	-13.1%
Hong Kong dollar	HK\$/ US\$	7.7804	0.1%	0.1%	0.1%	0.4%
Chinese renmenbi	RMB/ US\$	6.4920	0.0%	-0.5%	-1.5%	-4.9%
Singapore dollar	S\$/ US\$	1.2357	-0.2%	0.3%	-3.6%	-12.1%
South Korean won	KRW/ US\$	1,082.2000	0.0%	0.0%	-3.4%	-7.0%
New Taiwan dollar	NT\$/ US\$	28.8680	0.2%	-0.6%	-1.0%	-9.6%
Australian dollar	US\$/A\$	1.0696	0.4%	-0.7%	4.8%	19.2%
New Zealand dollar	US\$/NZ\$	0.8187	3.0%	1.6%	5.1%	13.0%
Philippine peso	PHP/ US\$	43.3100	0.4%	0.1%	-0.7%	-6.8%
Euro	US\$/€	1.4321	1.2%	-2.2%	7.1%	0.0%
British pound	US\$/£	1.6506	1.7%	0.2%	5.8%	2.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 5/27/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.25	4.24%	101.25	4.30%	105.95	4.39%
Japan 30-year	¥	103.77	2.00%	103.02	2.04%	101.17	2.14%
Hong Kong 10-year	HK\$	99.05	2.57%	98.52	2.50%	96.78	2.71%
China (06/16)	US\$	105.70	3.44%	104.95	3.48%	105.02	3.52%
Singapore 10-year	S\$	99.20	2.34%	107.60	2.33%	106.60	2.45%
South Korea 20-year	KRW	10,638.22	4.43%	10,549.53	4.49%	10,281.13	4.67%
New Zealand (12/17)	NZ\$	106.79	5.12%	106.40	5.15%	102.42	5.64%
Philippines 20-year	PHP	130.62	8.11%	130.71	8.10%	130.27	8.14%
India 30-year	INR	95.75	8.70%	96.22	8.66%	97.79	8.50%
UK 30-year	£	102.23	4.12%	100.86	4.20%	100.67	4.22%
Germany 30-year	€	121.95	3.54%	120.42	3.62%	116.88	3.78%

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