



IRG Technology, Media and Telecommunications Weekly Market Review

Week of 30 May 2011 - 5 June 2011

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Equity Market Indicators					
Index	Closing Level (6/3/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,300.16	-2.3 %	-4.5 %	3.4 %	16.6 %
Dow Jones Industrial Avg.	12,151.26	-2.3 %	-5.1 %	5.0 %	16.5 %
Dow Jones Tech. Index	451.61	-1.3 %	-4.8 %	0.3 %	12.2 %
Dow Jones Telecom. Index	244.78	-1.0 %	-4.0 %	4.4 %	11.5 %
NASDAQ Composite	2,732.78	-2.3 %	-4.6 %	3.0 %	20.4 %
Japan Nikkei 225	9,492.21	-0.3 %	-5.1 %	-7.2 %	-10.0 %
JASDAQ	51.60	0.5 %	-1.4 %	-1.3 %	6.7 %
Japan Mothers	457.44	-0.1 %	-4.4 %	5.5 %	9.9 %
Korea KOSPI Composite	2,113.47	0.6 %	-5.2 %	3.0 %	25.6 %
Korea Kosdaq	476.10	-1.5 %	-7.9 %	-6.8 %	-7.3 %
Taiwan Stock Exchange	9,046.28	2.7 %	0.4 %	0.8 %	10.5 %
Singapore Straight Times	3,665.59	-1.2 %	0.8 %	-6.2 %	22.5 %
Hong Kong Hang Seng	22,949.56	-0.7 %	-3.3 %	-0.4 %	4.9 %
Hong Kong GEM	720.96	0.0 %	-7.1 %	-11.0 %	6.5 %
China Shanghai (A-Share)	2,856.89	0.7 %	-6.3 %	-2.8 %	-16.9 %
China Shenzhen (A-Share)	1,176.15	2.1 %	-6.4 %	-13.0 %	-6.7 %
China Shanghai (B-Share)	286.51	1.6 %	-5.6 %	-5.9 %	13.5 %
China Shenzhen (B-Share)	747.65	3.2 %	-6.5 %	-9.4 %	19.4 %

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Technology, Media, and Telecommunications Market Activity						
NASDAQ/NYSE TMT IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
NA						

NASDAQ/NYSE Equity Markets: TMT IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/18/11	% Change From Offer
NA						

Asian Equity Markets: TMT PO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
5/27/11	New Media Group Holdings Ltd. [TWSE:	Media	13.0	Publishes and markets Chinese weekly magazines	NA	NA

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

Asian Markets: TMT Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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Weekly Highlights

International

Mobile/ Wireless

-
- **Wireless LAN year-over-year revenue grew 20.7 percent in Q1 to reach US\$1.35 billion, according to IDC.** Total WLAN revenue declined 5.5 percent sequentially over Q4 2010. The enterprise WLAN market also showed continued strength although growth moderated a bit with a 20.3 percent year-over-year revenue increase to nearly US\$600 million, as sequentially the market declined by 8.8 percent. Specifically, 802.11n deployments are now the defacto standard with 77.4 percent of all enterprise-grade shipments. Some large enterprises and regions such as APAC and Latin America still have pockets where legacy protocols are still being deployed, although IDC expects the migration towards 'n' technology to get stronger this year. The retail-class WLAN market continues to stabilize from previous quarterly declines, and grew a strong 21 percent year over year to reach US\$751 million in Q1.
- **The number of mobile money subscribers in emerging markets is forecast to grow from 133 million users in 2010 at a CAGR of 40 percent to reach 709 million users in 2015, according to Berg Insight.** The total value of mobile money transactions will simultaneously grow at a CAGR of 54 percent from US\$25 billion in 2010 to US\$215 billion in 2015. Asia-Pacific is expected to become an important regional market, accounting for more than half of the total user base. In developing regions such as Africa the mobile phone will become the primary digital channel for people to conduct financial services in the coming years. Financial institutions are beginning to realize the importance of mobile phones to reach new clients viewing mobile money services as high-priority projects. Mobile operators and third party service providers are also ramping up their efforts to target the unbanked populations in emerging markets. About US\$16 billion of international money transfers will be received using mobile phones in 2015, up from less than US\$1 billion in 2010. International airtime transfers will grow at a CAGR of 67 percent from US\$130 million in 2010 to reach US\$1.67 billion in 2015.
- **Service providers will spend a cumulative US\$245 billion worldwide on mobile infrastructure during the five years from this year to 2015, according to Infonetics Research.** According to the researcher, the global 2G/3G/LTE infrastructure market declined 13.8 percent sequentially in the first quarter of this year. The market is up 14.4 percent year-over-year from the first quarter of 2010. Wimax equipment is also up 49 percent year-on-year and is one of the few segments of the mobile infrastructure market to see sequential revenue growth this quarter (albeit small), and driven by expansion of existing networks and by the utility and smart grid segment. As the overall mobile infrastructure market is declined sequentially, investment continues, particularly 2G/3G network modernization in Western Europe, CDMA upgrades in North America, and 2G/EDGE capacity upgrades in Asia.
- **Mobile operators' costs will exceed revenues within four years, warned Juniper Research this week, as industry players continue to grapple with stagnating ARPU and surging data traffic growth.** The analyst firm predicted global operator revenues will total US\$1 trillion a year by 2016, but said that unless telecoms take action, spiraling costs will offset these revenues somewhere between

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2014 and 2015. The company said that mobile operators face a struggle to recreate a role for themselves in a market now dominated by the likes of handset vendors and operating system providers. Operators are also faced with footing the bill for boosting network capacity, acquiring additional spectrum, and rolling out new infrastructure to meet the rocketing demand for mobile data.

Telecommunications

- **Global spending on digital technologies and services exceeded 2.75 trillion euros (US\$4.02 trillion) in 2010, up 3.3 percent on the previous year, according to analyst firm iDate, which published the 11th edition of its DigiWorld Yearbook this week.** Chapon explained that the market had negative growth of 2.1 percent in 2009, taking total spending to 2.67 trillion euros (US\$3.9 trillion). Telecoms services account for the lion's share of the total, reaching 1.01 trillion euros (US\$1.5 trillion) in 2010. The next largest segment is software and computer services followed by TV services and computer hardware with 289 billion euros (US\$422.9 billion) and 287 billion euros (US\$419.9 billion) respectively, consumer electronics at 266 billion euros (US\$389.2 billion), and telecom equipment at 247 billion euros (US\$361.4 billion). In regional terms, the biggest contributor is North America, which represents 851 billion euros (US\$1,245 billion) of the total, followed by Europe with 832 billion euros (US\$1,217 billion) and Asia-Pacific with 722 billion euros (US\$1,056 billion). Latin America and Africa/Middle East lag behind with spending of 211 billion euros (US\$308.7 billion) and 137 billion euros (US\$200.5 billion) last year.
- **Broadband Internet usage will increase dramatically by 2015, with tablet computers such as the iPad emerging as a major conduit of Internet traffic.** The study predicted that in 2015 the number of Internet-connected devices, such as laptops or smartphones, will outnumber people two to one world-wide. In North America the number will be five to one. Tablet computers such as the iPad or its competitors are a significant force. There will be 15 billion network connections in 2015 from these Internet connected devices, up from seven billion in 2010. Asia Pacific will have the most connections with 5.8 billion in 2015 and North America will use 2.2 billion. The Asia Pacific region will also have the largest number of Internet users, 1.33 billion in 2015. World-wide, 40 percent of the population will be Internet users, three billion people. There will be 288 million Internet users in North America although the penetration of broadband world-wide, especially in developing nations, is helping aid growth in these places. There has been US\$75 billion invested in broadband in Africa in the last 10 years and during those 10 years growth in Africa has been faster.
- **The market for optical networking equipment is well on the path to recovery after healthy gains in the first quarter.** Ovum estimated that the global ON market grew 7 percent year-on-year during the quarter to reach US\$3.5 billion. Annualized spending also moved into the black, albeit with a modest 1 percent growth, reaching US\$14.6 billion. But Ovum said spending in APAC, as well as Europe, the Middle East and Africa, still stagnate over the period. Alcatel-Lucent was the best-performing vendor on a quarterly basis, growing its revenue 17 percent over the quarter to US\$645 million, and reaching a market share of 18.4 percent. The vendor made the top of the leaderboard for the first quarter in two years. Ciena gained the most annualized market share, as Huawei lost the most. Dell'Oro calculated that OTN market revenues grew 10 percent year-on-year to US\$3 billion. The firm estimates that the market will grow 9 percent to over US\$13 billion by year-end.
- **Ethernet switch vendor revenues declined 8.8 percent year-on-year in Q1, due to port pricing competition and public sector demand in North America and Europe, according to Canalys.** Despite a 2.5 percent annual increase in ports, total end-user revenue decreased 12.3 percent over the last quarter to reach US\$4.6 billion. On a regional basis, North America declined the most at 13.3 percent, hit by declining federal government spending. The situation might not improve with recently

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announced austerity measures in the U.S. EMEA decreased 6.7 percent year-on-year, with Western European markets hit by public sector cuts and ongoing national debt issues, and the Middle East and North Africa affected by the Arab Spring. Asia Pacific and Latin America also declined, but by smaller amounts, 3.7 percent and 1.4 percent respectively. The Japanese earthquake's after-effects are expected to reveal in the second quarter.

Internet

- **The growing number of connected devices and internet users will lead to a quadrupling in internet traffic by 2015, according to Cisco.** The latest Cisco Visual Networking Index predicts that the number of network-connected devices will be at least 15 billion, or twice the world's population, by 2015. PCs will fall to 87 percent of internet traffic by 2015, due to the growing adoption of tablets, smartphones and connected TVs. Web-enabled TVs alone will account for an estimated 10 percent of global consumer internet traffic and 18 percent of internet video traffic in 2015. Overall worldwide internet traffic is seen to reach 966 exabytes per year in 2015, rising in that year alone by 200 exabytes, or at least all the global internet traffic in 2010. Monthly traffic will go from 20.2 exabytes in 2010 to 80.5 exabytes per month in 2015. Mobile broadband will account for an estimated 75 exabytes in 2015, increasing 26 times from 2010 to 2015 to 6.3 exabytes per month.
- **More work is needed to stimulate online multilingualism and the uptake of Internationalized Domain Names, according to EURid, the registry for the .eu TLD.** The report was prepared in cooperation with Unesco, United Nations agency promoting multilingualism online. In the study, 82 percent of TLD registries surveyed considered the addition of e-mail support to be the single change that would improve the uptake of domain names in non-Latin based scripts. Despite IDNs being available for over ten years, user experience, browser support and domain name registration practices were also cited as barriers that limit multilingualism on the internet. The report includes data from Unesco outlining that of the world's approximately 6, 000 languages, only twelve account for 98 percent of all web pages and English, with 72 percent of web pages, dominates online.
- **Mozilla's Firefox 4 reached 14.2 percent of the worldwide market in May, overtaking for the first time its previous 3.6 version, which is on 12.3 percent, according to StatCounter.** Following its release, Firefox 4 has overtaken Internet Explorer 9.0, which is on 4.6 percent globally and is behind Google's Chrome 11, which has 16 percent. When all versions are combined IE still leads globally with 43.9 percent followed by Firefox with 29.3 percent. The forward momentum however is with Chrome, which has increased from 8.6 percent a year ago to 19.4 percent in May. In the US, Firefox 4 is on 12.6 percent compared to 10.7 percent for Firefox 3.6, as IE 9 is on 5.9 percent. When all browser versions are taken into account IE leads the US market with 47 percent followed by Firefox on 25 percent and Chrome on 15 percent.

Media, Gaming and Entertainment

- **Revenue growth in digital music dropped from 91 percent in 2006 to 6 percent in 2010, according to a study by Parks Associates.** While over 50 percent of US broadband households prefer the computer as their digital music access point, proliferation of smart mobile and connected CE and cloud-based delivery models are expanding music services into more consumer devices and environments. In 2010, 34 percent of US broadband consumers were using their mobile phone as a music player, up from 9 percent in 2007. In response, digital music service companies such as 7Digital, Pandora and Spotify have been proactive in forming OEM partnerships to make their services accessible through more devices.

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Japan

Hardware

- **Sharp refrained from giving guidance at its annual results in April as it was still assessing the impact of the earthquake in Japan.** It now expects a net loss of 45 billion yen (US\$560 million) in the current quarter to 30 June, versus a profit of 9.7 billion yen (US\$121 million) a year ago. Revenues are forecast declined at 650 billion yen (US\$8.09 billion). Sharp said it expects severe results for the quarter, due to the shutdown of several large-size LCD plants. It also expects a net loss for the fiscal first half, as over the full year profit is forecast declined to 5.4 billion yen (US\$67 million) in the 12 months to March 2011. Annual sales are estimated at 3.05 trillion yen (US\$38 billion).

Internet

- **Dropbox Inc. signed deals with mobile carrier Softbank Corp. and Sony Ericsson Mobile Communications AB to attract more customers in Asia and Europe.** The agreement means Dropbox's file-sharing application will be preloaded on two phones running on Softbank's network in Japan in early June, said Lars Fjeldsoe-Nielsen, head of mobile business development at Dropbox. Sony Ericsson is building the app into devices that will be sold in 10 countries in Europe and Asia. The partnerships are the first for Dropbox, a startup whose app has surged in popularity as consumers turn to smartphones to take pictures, create videos and listen to music. The app lets users store and access their content from any computer, phone or tablet with a Web connection. Terms of the partnerships were not disclosed. Softbank and Sony Ericsson will be promoting the app in stores and commercials, while also training sales staff so they can demonstrate it to customers.

Korea

Telecommunications

- **Korea Telecom is aiming to generate almost half its revenue from areas outside of telecom by 2015.** The firm said that some 45 percent of sales would come from mobile software, cloud computing, IT, convergence and overseas business by 2015, up from 27 percent last year. The company also set a 40 trillion won (US\$36.3 billion) sales target for 2015. According to Reuters, KT's CEO Lee Suk-chae said that convergence was the key word in the current operating environment, and KT had to make investments in cloud computing, applications and content in order to achieve sustainability. KT's core telecoms business is facing pressure from a saturated domestic market and the country's regulator's proposed move to cut telecommunications tariffs to curb inflation.
- **KT Corp. agreed with Japan's Softbank Corp. to set up a cloud computing joint venture by the end of September.** The joint venture, in which KT would take a 51 percent stake and Softbank would take the remaining 49 percent, will build a data center in South Korea and offer cloud computing services to Japanese companies, KT said.
- **SK Telecom Co. will spin off its platform operations on Oct. 1 to help it focus on the recently released business.** SK Telecom has decided to build a separate affiliated company by spinning off the platform business, which is considered as the next-generation growth driver. The platform business provides services including video phone calls, mobile advertisements and other content for devices such as smartphones, tablets and televisions. The new unit will be wholly owned by SK Telecom. The latest decision is subject to final approval from SK Telecom's board members and comes as the company has been tapping new profit drivers amid strong demand for multi-functioning

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mobile devices in the country, which has one of the most saturated and fiercely competitive telecom markets in the world. SK Telecom planned to spend 1 trillion won (US\$927 million) over three years to develop smartphone applications and its software business, which it hoped would further boost its presence in the software sector and drive smartphone sales. SK Telecom is not considering merging with its fixed-line unit, SK Broadband.

Internet

- **Ticket Monster Inc. has acquired a Malaysian social commerce company in a push to become the next big advertising platform in Asia.** The one-year-old Internet company was one of the fastest growing companies in South Korea in 2010, riding on the boom in the collective acquiring market. The business model, best known in the form of industry heavyweight Groupon Inc. in the U.S., attracts tens of thousands of consumers flocking to the Web site for half-priced deals for local restaurants, cultural events and other mom-and-pop stores, which receive publicity in return. Ticket Monster acquired Integrated Methods Sdn Bhd, which operates Malaysia's leading social commerce Web site, the company's chief executive officer said. It will release a business in Singapore later this year, he added, and then the Philippines, Japan and Vietnam. Ticket Monster, which five founding members released one year ago, said the amount of daily discount deals traded on its Web site reached 20 billion won (US\$18.5 million) in May. The company also will introduce a new version of its collective acquiring service for mobile phone users to offer discount deals based on users' location information and for instant use.

Hardware

- **LG Electronics Inc. does not expect a turnaround in its handset business in the second quarter, the company's chief executive Koo Bon-joon said.** LG Electronics had a first-quarter net loss in April, blaming hefty losses from its flat panel and handset businesses, as well as tepid sales of its flat-screen televisions. The CEO also said the company is having a difficult time due to a high inventory of TVs. Koo, a member of the founding family of the LG conglomerate, took over the reins of the flagship electronics firm on Oct. 1 last year. LG Electronics is the world's second-largest flat-screen TV maker by shipments after Samsung Electronics Co.
- **Samsung Electronics's market share dipped in the three months ending in April with Google's Android widened its lead on rival operating platforms, according to comScore Inc.** The results of comScore's survey of at least 30,000 U.S. mobile subscribers come amid tight competition among makers of mobile phones and software. Samsung's lead as of the latest period declined to 24.5 percent from 24.9 percent in the three months ending in January. Meanwhile, Apple stole the No. 4 spot from Blackberry-maker RIM as its share jumped to 8.3 percent from 7 percent. Regarding the operating platforms, Android's share increased to 36.4 percent from 31.2 percent. No. 2 Apple's share grew to 26 percent from 24.7 percent. The operating platforms by RIM and Microsoft declined 4.7 and 1.3 percentage points respectively.

China

Internet

- **Reuters reported that Yahoo and Alibaba Group Holding Ltd. had reached an agreement over online-payment business Alipay.** Proposed terms of Yahoo's compensation for the transfer of Alipay ownership were not immediately clear. A final agreement regarding Alipay still requires the

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consent of Alibaba shareholder Softbank Corp. The accord requires the consent of Softbank Corp. founder Masayoshi Son, who sits on the board at Alibaba Group, Reuters said.

- **Gome expects sales from its March 2011-launched online store to reach 2 billion yuan (US\$308.6 million) in 2011, online mall general manager Han Depeng said.** The company aims to have the online mall generate above 10 percent of its total revenue in the coming two to three years, said company president Wang Junzhou.
- **SmartPay Information Technology has received a payment license issued by the People's Bank of China.** The license authorizes the company to engage in China-wide mobile, internet and network payment services, prepaid card issuance, and acceptance and bank card acquisition. The PBOC issued SmartPay the license along with 26 other companies after an extensive evaluation process. SmartPay is the electronic payment company focused on mobile payments to receive a payment license. SmartPay business covers all major provinces and cities in China. The Alipay system affiliated with Jack Ma's Alibaba Group has also received a license from China's central bank to operate an electronic payment system in the country. The license would allow Alipay to handle foreign exchange transactions, internet payments, mobile payments and debit card services, Alipay said.
- **Ebay Inc.'s PayPal would stop providing electronic payment services for AliExpress, an online sales platform operated by Alibaba Ltd.** The split appears to mark an end to a rapprochement between eBay and Alibaba. When it started last year, the cooperation between Alibaba and eBay was seen as significant because the firms previously had been ultra-competitive rivals in China's domestic electronic-commerce market. Alibaba's Taobao unit was successful in taking massive market share from eBay, largely by undercutting its prices, and eBay largely withdrew from China in 2006.
- **Sina will release a game-focused open platform for its Twitter-like microblogging service, Sina reported citing company Vice President Peng Shaobin.** Peng said Sina is currently conducting preparatory work on the platform, and that it will charge no fees from partner developers for the first year.
- **Tencent's social networking site Pengyou has partnered with major domestic professional recruitment sites chinahr.com and zhaopin.com to release recruitment applications.** Users can view job postings on the SNS site or log into the two recruitment sites with their QQ accounts.
- **Alibaba Group has partnered with government-backed credit guaranty firm Shanghai Estate Guaranty as well as local commercial banks to release an e-commerce financing platform.** The platform will provide 1,000 Shanghai-based Alibaba retailers with loans of up to 1 million yuan (US\$154, 333) each this year, said the report. Alibaba will recommend candidates, as SEG will review and provide guarantees for them to the lenders.
- **Tencent has recorded over 2 million peak concurrent users for its in-house developed 3D casual game QQ Speed.** The company had PCU of 1.4 million for the game in August 2010.
- **Okbuy.com has secured US\$50 million of third-round financing from Tencent, with an additional unspecified amount from venture capital firm Draper Fisher Jurvetson.** Okbuy.com had sales revenue of 150 million yuan (US\$23.1 million) in the first quarter of 2010, expecting to earn full-year sales of 600 million yuan (US\$92.6 million). The company will build its own logistics facilities in the second half of the year.
- **Funtalk China has entered into a definitive agreement with Fortress Group to go private.** Fortress will acquire Funtalk at US\$7.20 per share, which values the company's equity at

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approximately US\$443 million. Fortress is jointly owned by Funtalk investors Arch Digital Holdings, Capital Ally Investments, GM Investment, Sinowill Holdings, Huge Harvest Enterprises, Kingstate Group, and Trend Focus. The consortium members currently own approximately 77.09 percent of the outstanding shares of the company. The transaction is subject to shareholder approval and is seen to close before the end of Q3.

- **360buy.com lifted its fiscal 2011 sales target to between 28-30 billion yuan (US\$4.3- 4.6 million), according to company CEO Liu Qiangdong.** The company's sales revenue surged 206 percent y-o-y in the first quarter of the year, helping it narrow its net loss.
- **Wowo Group Ltd. aims to hold an initial public offering on the Nasdaq stock exchange this year, Chief Financial Officer Wu Mingdong said.** The company expects to receive US\$200 million in private investment from a group of funds including China-focused CDH Investments soon, Wu said. Wowo, like Groupon and hundreds of similar websites in China, forms deals with local companies to provide coupons for their products and services, such as movie tickets or meals, to the website's users.

Telecommunications

- **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. Huawei announced the launch of its enterprise business in Hong Kong, Macau and Taiwan, with plans to launch a partner recruitment program in the third quarter to drive its business in the region. Huawei will be focusing on providing products and solutions to organizations across different verticals, particularly in banking and financial, manufacturing, transportation, utilities and government sectors. The company already has several enterprise and vertical customers and also established a channel sales network in the region to deliver implementation, maintenance and consultancy services to enterprises.
- **Chinese authorities have released a wide-ranging corruption investigation aimed at the country's three telecom operators, China Mobile Ltd., China Unicom (Hong Kong) Ltd. and China Telecom Corp.** More than 60 people from the operators, the government and providers of mobile value-added services are being investigated in one related case of alleged corruption. The Chinese Communist Party's anti-corruption body, the Central Commission for Discipline Inspection, has also sent agents to the three network operators to investigate all cadres at the mid-level and higher, Caixin media group cited. Investors are unlikely to worry about the investigation since the network operators' large size buffers them against corruption scandals and the Chinese government usually seeks to limit damage from its policy decisions to the operators' listed units, said Duncan Clark, chairman of Beijing consulting firm BDA China Ltd.
- **Chinese Vice Minister of Industry and Information Technology Xi Guohua will leave his position to become chairman of China Mobile Ltd., and China Telecom Corp.** President Shang Bing will be named an MIIT vice minister, Caijing cited. China Telecom Chairman Wang Xiaochu will become the governor of China's Yunnan province, and he will be replaced by current China Unicom (Hong Kong) Ltd. Chairman Chang Xiaobing, the report also said, citing Li Yi, secretary-general of the China Mobile Internet Industry Association industry group. China Unicom President Lu Yimin will become China Unicom's chairman.

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- **China ended April with 900.39 million mobile users, up 1.14 percent from March and up 14.48 year-on-year, according to Digitimes citing figures from China's Ministry of Industry and Information Technology.** Of the total, approximately 67.57 million are 3G users. Mobile users sent 68.53 billion SMS messages in April, averaging 2.55 messages per phone number per day. The country also counted 291.45 million fixed-line subscribers. The number of fixed-line internet subscribers rose 22.43 percent from April last year to 135.92 million. The total includes 5.77 million dial-up users and 106.68 million xDSL users.
- **The number of mobile subscribers in Macau rose by to 1.24 million in April from 1.23 million in March, according to DSRT.** The total comprises 168,614 2G prepaid users, 88,541 2G postpaid subscribers, 594,125 3G prepaid users, and 389,999 3G postpaid users. Macau also ended March with 166,889 fixed-line subscribers, down from 166,987 wireline subscribers a month earlier. The total comprises 113,976 residential lines and 52,913 corporate lines. Furthermore, the number of internet subscribers totalled 134,283 in April, compared with 133,813 in March. The number of dial-up subscribers fell to 1,062 while the number of broadband subscribers went up to 133,071.

Media, Entertainment and Gaming

- **Shanda Interactive Entertainment Ltd.'s first-quarter net profit declined 61 percent from a year earlier to 85.5 million yuan (US\$13.2 million) as rising expenses offset higher revenue.** The result was below the average \$14.34 million forecast of seven analysts in a Thomson Reuters poll. Shanda's game unit, Shanda Games Ltd., also reported its first-quarter net profit which fell 5% to 312.9 million yuan (US\$48.3 million), even though revenue increased 10% to 1.25 billion yuan (US\$192 million). Shanda Interactive's revenue from online value-added services unit Shanda Online Holdings Ltd. rose 19% to 301.3 million yuan (US\$46.5 million). Revenue from other sources, including social online games, online video business Ku6 Media Co. (KUTV) and online publishing unit Cloudary Corp., more than doubled to 406.6 million yuan (US\$62.7 million). Cloudary last month registered for an initial public offering on the New York Stock Exchange in which it and Shanda will sell up to an estimated \$200 million in equity. The listing is one of a string of IPOs in the U.S. by Chinese Internet companies this year. Shanda Interactive spun off Shanda Games in 2009.
- **Shanda Games will end operation of its licensed MMORPGs Lineage and Lineage II in two months since its licenses for the games will expire.** It will stop providing registration and recharging services from June 1, but will allow gamers to transfer data to the games' new operators. Tencent secured licenses from Korean game company NCsoft to operate the two games, and has released new sites to house them.
- **Beijing Xin Yu Brothers Internet Technology Co., Ltd., a China-based browser game developer and operator of 51wan.com, has raised US\$30 million funding in its second round jointly led by French investment firm Ventech Capital and JAFCO Asia.** The capital will be directed towards marketing, new product development and supporting game developers. The company acquired a 90 percent stake in Shanghai-based webgame developer Cheer Code Software in May. It will release six webgames this summer.
- **Focus Media had net income of US\$20.5 million for the first quarter of 2011 with revenue reached US\$146.6 million, up 17.3 percent annually.** The company will launch advertising screens with location-based service functions in seven cities in the second half of the year.

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Alternative Energy

- **Suntech Power Holdings had first quarter 2011 net income of US\$31.9 million with revenues of US\$877.0 million, or a sequential decrease of 7.2 percent and an annual increase of 49.1 percent.** Consolidated gross profit margin was 19.0 percent for the quarter. 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.

Hong Kong

Telecommunications

- **PCCW Ltd. has received approval from Hong Kong's stock exchange to list its telecommunications business in the form of a listed business trust, after initially rejecting the proposal in late April.** The company made a material modification to its proposal for a specific commitment to retain its solutions business, which comprises technology and business process outsourcing services in Hong Kong and China, within the company for at least three years. Though present listing regulations in Hong Kong do not permit other types of business trusts to list, the HKSE said in May that it hopes to have a framework within the next few months to change that--a move that would let it better compete with other exchanges in the region. A business trust uses most of a company's cash flow to pay dividends, making the stock more attractive to long-term investors seeking steady income. PCCW intends to keep a 55 percent stake in the telecom assets following the listing, which remains subject to final approval from the stock exchange, as well as finalizing a business trust structure that meets the requirements of the regulators.
- **The number of fixed-line users in Hong Kong increased to 3.689 million in March from 3.683 million subscribers in February, according to regulator Ofta.** The number of business users grew to 1,800,017 from 1,791,672 and the number of residential users fell to 1,889,601 from 1,892,171 in February. The number of IP telephony users grew to 583,396 from 579,377 a month earlier. The total comprises 59,605 business users and 523,791 residential IP telephony users. The number of local leased lines grew to 146,942 from 144,745 in February.

Taiwan

Telecommunications

- **Chunghwa Telecom has joined forces with China Unicom in the development of mobile applications.** Chunghwa Telecom's app store, Hami Apps, has at least 100 of its apps in the China Unicom app store, WoStore, to attract potential users, as WoStore has placed about 200 of its apps on the platform of Hami Apps to broaden its services. After Apple successfully released its app store in 2008, an increasing number of high-tech firms, in particular telecom operators, have set up their own versions to seek additional revenue. Chunghwa Telecom celebrated the first anniversary of Hami Apps in May, as China Unicom started its WoStore in August 2010. Chunghwa Telecom said Hami Apps provides customers with 2,100 apps, 25 percent of which have been developed independently by the company, adding that the number of the store's apps is seen to reach 3,000 by the end of this year.
- **A legislative committee has asked Chunghwa Telecom Co., to oversee the operations of the Taiwan subsidiary of telecommunications giant Alcatel-Lucent S.A. to prevent questionable**

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business practices. Kuomintang Legislator Lo Shu-lei and her colleagues on the Legislative Yuan's Transportation Committee passed a non-binding resolution demanding that the Ministry of Transportation and Communications push CHT to better oversee the subsidiary's operations and report its findings in one month. Lo accused Alcatel Lucent Taiwan of not acting professionally in carrying out contracts it won to supply the National Fire Administration with satellite telecommunication systems and vehicles for disaster prevention and rescue.

- **Chunghwa Telecom expects to reach its 2011 subscriber goal in the third quarter.** Chunghwa's target was set at 10 million mobile subscribers before the end of the year but the company now expects to reach the target ahead of schedule, according to Digitimes. The company also expects to attract 500,000 Hami Apps users.

Media, Gaming and Entertainment

- **Kodansha Ltd. will set up a wholly owned subsidiary in Taiwan to accelerate its efforts to expand business in the Chinese-speaking markets of the world.** From its base in Taipei, the subsidiary will license the use of Kodansha publications and characters as well as negotiate joint ventures for publishing and other activities with companies in the greater Chinese-speaking region. Kodansha already markets ViVi and several other women's magazines in mainland China, Hong Kong and Taiwan, with some outselling their domestic counterparts. By setting up the Taipei subsidiary, it will accelerate this business with magazines as well as other publications and characters. The Japanese market for publications is shrinking. But interest in Japanese publications is high in Chinese-speaking regions, and Kodansha expects these markets to expand further.

Internet

- **Taiwan ended January with 16.95 million people who have ever used internet services, representing a penetration rate of 73.57 percent, up 3.11 percentage points from a year earlier.** Of the internet users, 1.57 million, or 9.23 percent, were children under 12 years of age, The Digitimes reports citing a survey by Taiwan Network Information Center. Furthermore, there were 6.2 million internet-connected households, representing a penetration rate of 79.77 percent, and 5.69 million (91.77 percent) of these households used broadband internet. An estimated 7.3 million have ever used wireless internet services, about 35.88 percent of the population aged 12 and over. Of the wireless internet users, 3.83 million used mobile internet with 38.82 percent using 3.5G services, 37.98 percent used 3G services, 11 percent used GPRS, 5.32 percent used WAP, and 1.98 percent used PHS services.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **U.S. private equity firms TPG Capital and Carlyle Group are in talks to buy a stake in the tower unit of Indian telecom company Reliance Communications, Bloomberg reported.** Reliance Communications, controlled by billionaire Anil Ambani, has also received interest from Blackstone Group and London-based Apax Partners, the news agency reported. Reliance Communications could not be immediately reached for comment on the matter. The company, which has seen its profit slide in seven straight quarters, has been trying to raise funds to cut debt. An agreement to spin off the tower arm Reliance Infratel into a venture with GTL Infrastructure fell apart last year and a separate plan to sell up to 26 percent in the mobile carrier itself did not yield any takers.

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- **Axiata Group Bhd. will likely see stronger revenue in the second half of the year on better performance from its key operational units, chief executive Jamaludin Ibrahim said.** Jamaludin said the strong ringgit was to blame for the weaker-than-expected growth in the regional mobile firm's top line in the first quarter. Axiata's first quarter revenue grew 3 percent to 3.94 billion ringgits (US\$1.3 billion) as net profit declined 41 percent to 548.3 million ringgits (US\$182.2 million). The group is set to meet its 2011 targets, Jamaludin said, but cautioned that if the local currency continues to appreciate it may be a challenge to meet them. Axiata will likely maintain its margins of EBITDA, at mid 40 percent for the rest of the year. Its EBITDA margin was 43.1 percent in the first three months this year, against 44 percent during the same period a year earlier. For this year, Axiata targets revenue growth of 10 percent and EBITDA growth of 10.3 percent as well as a return on invested capital in its associates of 12.6 percent.
- **PT Bakrie Telecom had a 41.1 billion rupiahs (US\$4.8 million) net loss for the first quarter of the year with net revenue grew 1.3 percent to 717.9 billion rupiahs (US\$84.2 million).** The company had 13.6 million subscribers at the end of March. It will spend US\$400 million for capital expenditure this year, with a focus on developing data services, compared with US\$200 million a year earlier.
- **Reliance Communications has received offers for a stake in its subsidiary Reliance Infratel Ltd, the proceeds of which will help the company bring down its huge debt burden.** Reliance Infratel builds and operates communications towers, optical fibre cables and other related assets at designated sites. RCom held a 89.71 percent stake in Reliance Infratel. The board of directors of RCom was informed of the receipt of formal indicative offers from several interested parties for the acquisition of RCom's controlling interest in Reliance Infratel, RCom said. The company further added that based on the indicative offers, completion of such a transaction would facilitate the company's stated objective of achieving a substantial reduction in its overall debt position. Investors are advised that this is only a preliminary disclosure and any such potential transaction is subject to appropriate due diligence, negotiations, documentation and approvals.
- **Loss-making Tata Communications Ltd. expected to be profitable at the operating level by the end of this fiscal year, after its South African unit carried out a restructuring involving job cuts.** The company's South African venture Neotel Ltd. will likely make an operating profit for the year ending March 31, 2012 after a restructuring move, in which it cut its workforce 16 percent at the end of March. Tata owns a 49.1 percent stake in Neotel. Neotel is yet to turn profitable owing to the high cost of debt and depreciation undertaken to build new infrastructure in South Africa. Tata has been suffering from a crash in bandwidth prices as a slew of global alliances between telecom companies launched their own undersea cables, leading to excess capacity. For the three months through March, the company narrowed its consolidated net loss to 1.64 billion rupees (US\$36 million), as sales increased 4.8 percent to 31.08 billion rupees (US\$693 million), Chief Financial Officer Sanjay Baweja said. For fiscal 2011, 'Tata Communications' net loss widened to 8.54 billion rupees (US\$191 million) due to continued losses at Neotel. Total revenue for the period surged 8 percent to 119.32 billion rupees (US\$2.7 billion).
- **Gemini Communication Ltd. has shelved a plan to conduct an initial public offering for unit PointRed Telecom Ltd., and is now looking to sell a stake of up to 15 percent to a private equity investor for 1.0 billion rupees (US\$22 million)- 1.2 billion rupees (US\$26.7 million).** The company is already in stake-sale talks with six private equity companies, Pradhyumna T. Venkat, head of investor relations at Gemini Communication, said. The company has appointed PriceWaterCoopers to identify a potential private equity partner, said Venkat, adding that a deal might be finalized in the

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next three months or so. PointRed Telecom filed a draft initial share sale proposal with India's markets regulator in January to raise 1.02 billion rupees (US\$22.7 billion) via an IPO, but withdrew it earlier this month. The Indian stock markets have slipped in recent months, with the Bombay Stock Exchange's benchmark Sensitive Index down about 11 percent in the year so far.

- **Ericsson has won a A\$1 billion (US\$1.07 billion) contract from Australia's NBN Co to roll out a TD-LTE network to rural households.** The network will offer fixed wireless broadband access from mid-2012, and is due to be completed by 2015. End users can expect to see download speeds reach up to 12 Mbps, and uplink speeds of up to 1 Mbps. Under the terms of the 10-year contract Ericsson said it will build radio access, core and transmission infrastructure, and operate the network end to end, which includes providing business support systems and a range of managed services. Sam Saba, chief executive of Ericsson Australia expects the network to provide coverage to between 400,000 and 450,000 rural households by the time it is completed. The long-term aim of Australia's A\$36 billion (US\$38.6 billion) project is to provide high-speed broadband coverage to 100 percent of its population, with fiber access rolled out to 93 percent, as satellite broadband and fixed wireless technologies will account for the remaining 3 percent and 4 percent respectively. Ericsson's contract with NBN Co covers the entire fixed wireless portion of the project.
- **The Philippine communications regulator has completed its evaluation of PLDT's plan to acquire Digitel.** The National Telecommunications Commission (NTC) has completed its investigation into the plan and will present the results to President Benigno Aquino on 8 June, BusinessWorld Online reports. The deal drew criticism from rival Globe Telecom, and President Aquino has asked two agencies to evaluate the merger plan.
- **San Miguel is interested in raising its stake in Eastern Telecommunications Philippines by acquiring the stake held by ISM Communications, BusinessWorld Online reports citing San Miguel president Ramon Ang.** ISM holds a 37.7 percent share in Eastern Telecommunications and recently said it was in talks to sell the stake as it is exiting the telecommunications market. If San Miguel acquires the stake, it will hold 77.7 percent stake in Eastern Telecommunications as it acquired a 40 percent share in the company last year. Eastern Telecommunications provides data, voice, and internet services through fixed lines to business process outsourcing firms. Last year, Vega Telecom acquired ISM's 40 percent stake in Eastern Telecommunications. ISM president Eric Recto also said that the company was interested in selling Acentic, an international provider of ICT services to hotels and hospitals.
- **Mahanagar Telecom Nigam Ltd will invest 1,145 crore rupees (US\$253.9 million) in 2011-12 to launch new services and upgrade its network.** MTNL chairman and managing director Kuldeep Singh said the company will launch new features like IP-based multimedia acoustic services on its network during the year. MTNL holds sizable real estate at prime locations in both the cities, sees revenues from leasing services to grow to 50 crore rupees (US\$11 million) in FY 2012. MTNL is also in talks with private operators like Tata Teleservices and Aircel to allow roaming access on each others' networks for 3G customers.
- **Liberty Telecoms has earmarked US\$40 million for further roll out of Wimax. Liberty offers Wimax services under the Wi-tribe brand since 2010.** Liberty will add another 200 new Wimax base stations around the country, according to Liberty Telecoms Holdings chairman Ramon Ang. With the network expansion, Liberty expects to double its 48,000 subscribers for Wimax services.
- **Thaicom PCL's board has approved a plan to invest US\$160 million to release a new satellite.** The plan has been approved by Thailand's Ministry of Information and Communication Technology

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and the satellite will be released by the second quarter of 2013, Chief Executive Arak Chonlatanon told reporters. Thaicom has mandated U.S.-based Orbital Sciences Corp. to manufacture the new satellite, to be called Thaicom 6. The company will finance the project mostly via long-term loans. The new satellite will have a 15-year lifespan. Its coverage will focus mainly on Thailand and also cover the Indochina region and certain parts of India, said Arak.

- **Nokia Siemens Networks Thailand expects sales to grow by 25 percent this year with the TOT's nationwide 3G network roll out.** The company had revenues of around 5 billion baht (US\$165 million) last year. TOT granted a contract worth 15.99 billion baht (US\$528 million) to the SL consortium to roll out the 3G network. As part of the deal, Nokia Siemens Networks will provide core network equipment and 2,143 of TOT's planned 4,772 base stations around the country. The company's main customer is still Advanced Info Service.

Mobile/ Wireless

- **Qualcomm expects 3G usage in Southeast Asia to increase significantly in the next two years.** The uptake of 3G would be driven by social networking and e-commerce and would see 3G usage almost triple to 3 billion in 2014 from the current 1.2 billion, The Manila Times writes citing John Stefanac, president of Qualcomm Southeast Asia and Pacific. In emerging markets, three-fourths of total broadband connections would come through mobile devices in the next two years.
- **Asian mobile handset and VAS company Spice i2i said its revenues grew but net loss widen in the financial year, which covers a 15-months period from 1 January 2010 to 31 March 2011.** In Q5 2011, the group registered a turnover of US\$69.5 million, an increase of 64.9 percent year-on-year as revenues for the full financial year stand at US\$337.1 million, up 193.3 percent year-on-year. The rise in revenue was mainly driven by strong growth in its sales of mobile handsets. Revenue generated by the subsidiaries Spice BPO Services Limited and Bharat IT Services Limited also contributed to the increase in revenue. With the recent acquisitions of the mobile brand business in Malaysia and Thailand, the turnover from the group's mobility business was surged to US\$45.6 million in Q5 and US\$211.3 million in the financial year. Spice i2i had a profit after tax of US\$500,000 for the full financial year, compared with US\$1.7 million a year earlier due to acquisition expenses.

Hardware

- **The Australian PC market grew 6 percent year-on-year and 3 percent sequentially in Q1 to reach just under 1.5 million units, according to IDC.** Despite increased uptake of all-in-one desktops by consumers, the overall desktop market maintained its gradual downward trend as the shift to mobile computing continues. Demand for mini-notebooks dropped by 30 percent over the same period last year given competition from media tablets, declining notebook prices and increased interest in 11-inch screen size notebooks in the education space. While Intel's Sandy Bridge glitch resulted in delays of new product refreshes, vendors and channel partners were able to recover and opted for first generation Core-i systems or AMD systems as alternatives. A push into the channels from vendors such as Toshiba and Acer in anticipation of the end of financial year tax rush further contributed to the growth.

Media, Gaming and Entertainment

- **Sun Direct TV had a 48 percent jump in its consolidated net profit to 769.76 crore rupees (US\$170 million) for the year ended March 31, 2011.** During the year, the company's consolidated income reached 2,013.46 crore rupees (US\$449 million). On a standalone basis, the firm had a 36 percent increase in its net profit to 772.22 crore rupees (US\$172 million) in the year ended March 31,

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2011. In the previous fiscal year, it had a net profit of 567.38 crore rupees (US\$126 million). Sun Direct TV Network's standalone net income reached 1,923.71 crore rupees (US\$429 million).

- **Television Eighteen India had over five-fold decline in its consolidated net loss for the year ended March 31, 2011 at 20.11 crore rupees (US\$4.46 million).** For the twelve months ended March 31, 2010, the company's consolidated net loss was 117.20 crore rupees (US\$26.1 million). The company's net sales for the period under review increased 11.53 percent at 579.77 crore rupees (US\$129 million).
- **Reliance Broadcast Network Ltd had consolidated net loss of 24.24 crore rupees (US\$5.4 million) for the six months ended March 31, 2011.** The board of directors of the company has decided to close its books of accounts on March 31, 2011, and accordingly to restrict the current financial year, which commenced on October 1, 2010, to a period of six months ending March 31, 2011, RBNL said in a filing to the Bombay Stock Exchange. RBNL's consolidated net sales for the six months ended March 31, 2011 reached 133.63 crore rupees (US\$29 million). For the year ended September 30, 2010, the company's net loss was 29.43 crore rupees (US\$6.5 million), as net sales were at 106.52 crore rupees (US\$23.7 million). Pursuant to the shareholders' approval in the EGM, held in September last year, the company had allotted over 1.29 crore rupees (US\$.29 million) equity shares to various investors in order to raise 283.26 crore rupees (US\$63 million).

United States/Canada

Internet

- **Hulu reached a multi-year deal with Miramax to distribute the film company's extensive library, bolstering the television and movie website's offerings about two weeks after rival Netflix Inc. will have a similar licensing agreement.** Hulu has grown its paid subscription-based streaming service, Hulu Plus, to supplement its free offerings of recent TV episodes. News Corp. owns Dow Jones, publisher of this newswire. Hulu will also rotate about 15 Miramax films each month into its free service with periodic ad breaks, the first time Miramax titles have become available through an ad-supported streaming service. The deal will help pay back the US\$660 million that a group led by Los Angeles investors Ron Tutor and Tom Barrack spent last year to acquire Miramax from Disney. To earn back its investment, the company is aggressively seeking lucrative distribution deals in new and old media alike.
- **Yahoo! announced a global partnership with MediaTek to help expand its services on mobile devices.** The partnership allows the company to pre-load Yahoo! products directly on the handset, including Yahoo! Messenger, News, Finance, Weather, Mail, Flickr, Answers and more, using MediaTek's application ecosystem. MediaTek will extend its distribution coverage to other emerging markets worldwide, giving Yahoo! the opportunity to reach a broader mobile audience. This is the first time Yahoo! has partnered globally with a mobile chipset manufacturer. The company will be able to leverage MediaTek's development resources by providing access to its APIs, and the partnership can help handset manufacturers accelerate their speed to market and reduce the cost of deploying Yahoo! services. Finally, the partnership complements MediaTek's current collaboration with Yahoo!'s Connected TV group, which has embedded the Yahoo! Connected TV software platform onto MediaTek's digital television chipsets.
- **Groupon files for an initial public offering, in a bid to raise US\$750 million.** In documents submitted to the Securities and Exchange Commission, the company said the proceeds could be used

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to fund acquisitions, as well as for general corporate purposes. The IPO filing comes after Groupon spurned a US\$6 billion takeover offer from Google in late 2010. Chief executive Andrew Mason warned prospective investors in a memo that being involved with his company might not always be plain sailing.

- **Google is investing in renewable energy sources like wind and the sun, not only as support for these energy sources, but also to gain profits from their investments, according Google's technology boss Urs Hoelzle.** Around US\$400 million has been invested by Google in renewable energy companies of which 90 percent is pure financial investment, according to Hoelzle. The internet giant has brought together a small group of energy experts to watch over the investments and look for new investments as well. The company is especially interested in the US market for renewable energy as there only five financial investors with risk equity active among which Google and Goldman Sachs.

Media, Entertainment and Gaming

- **Zynga Inc. is in talks to have Goldman Sachs Group Inc. lead its initial public offering and provide a credit line of at least US\$1 billion to help make acquisitions.** Zynga, the largest maker of games for Facebook's site, is preparing to file for an IPO by the end of this month. Social-media companies are lining up for IPOs after shares of LinkedIn Corp., the largest professional-networking site, at least doubled in their debut two weeks ago. Groupon Inc. will raise up to US\$750 million in an IPO, and music streaming service Pandora Media Inc. is seeking as much as US\$123.2 million.
- **U.S. cloud gaming specialist OnLive has signed an agreement with Disney Interactive Studios to add its family games to the OnLive platform.** With the features of OnLive's cloud gaming, players can play them in a social way on almost any PC, Mac or HDTV. The first two Disney Interactive Studios games to join OnLive are Split/Second and Pure. During an OnLive promotion this month, when users acquire either game, they will receive an e-mail coupon for 50 percent off on their next OnLive purchase. More Disney Interactive Studios titles will be released in the coming weeks and months.

Telecommunications

- **Billionaire Philip Falcone's LightSquared Inc. is close to a deal to pay Sprint Nextel Corp. as much as US\$20 billion as part of a network construction and sharing accord.** The tentative agreement, spanning 15 years, would allow Falcone to roll out LightSquared more quickly and let the companies share network-building costs. Sprint has pledged US\$5 billion to upgrade its network over the next three to five years to allow it to use disparate bands of spectrum on a single base station. Chief Executive Officer Dan Hesse had held talks with Clearwire Corp. about possibly hosting its network on Sprint's infrastructure. LightSquared agreed last year to Federal Communications Commission conditions that it offer service to as many as 100 million Americans by the end of next year and 260 million by 2016. The company is on schedule to introduce commercial service by early next year, Jeff Carlisle, regulatory affairs executive vice president. Sprint would receive as much as US\$2 billion annually from LightSquared in the first stages of the contract to help pay for the network equipment and construction costs, said one of the people. Payments thereafter would vary annually based on the number of users on the LightSquared network and usage patterns. The full value of the contract will depend on those payments.
- **Redline Communications' first quarter revenues increased 10 percent to US\$13.5 million.** Gross margin declined to 61.8 percent from 62.2 percent. Net profit grew 97 percent to US\$1.1 million. Cash amounted to US\$2.4 million at the end of the period.

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Information Technology

- **Convergys Corp. planned to sell its holding in Cincinnati area cellular assets to partner AT&T Inc. for US\$320 million in cash.** The partnership is a legacy from Covergys's 1998 spins off from Cincinnati Bell Inc. When the two split, Convergys received a minority limited partnership interest in Cincinnati SMSA and Cincinnati SMSA Tower Holdings, which comprise the so-called cellular partnerships. AT&T is the general partner in the business, already managing them on a day-to-day basis. Convergys would update its guidance for the year after the deal closes. Convergys profit declined modestly but the provider of back-offices services had the seen adjusted bottom line on margin improvement. Since the economic downturn, its core results have been under pressure from sliding demand. Though it has been streamlining its business, in the short-term the strategy padded costs.

Software

- **VMware Inc. added another arrow to its quiver of Web productivity tools by acquiring privately held Socialcast for an undisclosed sum.** The deal adds collaborative software to its suite of cloud applications along with presentation software from SlideRocket, which it acquired last month, and Web-based email provider Zimbra, which it acquired last year. Socialcast users log into their work through either desktop or mobile devices and receive a string of updates around tasks they are at work on. Workers can collaborate on documents or carry on a discussion similar to social networking sites such as Facebook, and then bring that discussion back into a formal document. VMware's goal was to embed the Socialcast technology with other cloud services to make it a core utility for business clients. For example, a client could integrate Socialcast into their billing system and call up a customer account and see the communication with the customer through Socialcast in addition to account information.
- **Symantec Corp. expects growth in revenue and earnings per share to accelerate as customers seek help with widening threats to data and identity on the Internet.** James Beer, chief financial officer, said the company expects revenue to increase between 7 percent and 8 percent annually over the next three years, and earnings per share to climb between 9 percent and 11 percent annually in the same period. That is a step up from fiscal 2011, which ended in March, when total revenue climbed 3.4 percent for the year to US\$6.2 billion and earnings slipped 12 percent to 76 cents per share. Computing for both individuals and businesses is moving rapidly to virtual machines and cloud computing from the formerly secure world of PCs operating behind corporate firewalls. Symantec is creating new security tools to manage that virtual world.

Hardware

- **Dell Chief Executive Michael Dell says the company's shift away from personal computers is paying off and that the company will continue investing to change the margin and profit profile of the company.** Dell has been weaning itself off PCs, which have slim margins, and acquiring its way into higher-margin services businesses. Dell acquired Perot Systems, an information-services company, two years ago and has added other software and hardware makers as it tries to offer a richer array of products. Michael said the company's transformation toward solutions and services with a higher degree of intellectual property is helping margins and should drive profit growth going forward. Dell noted the company will not divest its PC business, though it has sold various facilities as it rebalances its portfolio.
- **HP is selling its visual collaboration business to Polycom for US\$89 million.** Polycom will acquire the assets of HP's Visual Collaboration business, including the Halo Products and Managed

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Services business. HP and Polycom also will establish a strategic relationship in which Polycom will serve as an exclusive partner to HP for telepresence and certain video UC products, including both resale and internal HP deployments. The two companies will make available Polycom's video applications for HP's WebOS platform. Polycom will provide expertise in software technology and UC infrastructure, covering integrated and secure mobile, desktop, room and telepresence products. HP will provide its expertise and leadership in go-to-market strategies for UC and will resell Polycom's UC products, including personal and group UC devices, UC infrastructure, UC managed services, and audio/video software.

Europe

Telecommunications

- **Deutsche Telekom AG may increase its stake in Greece's Hellenic Telecommunications Organization SA (OTE) to at least 40 percent, Deutsche Telekom Chief Executive Rene Obermann said.** The company will act according to the agreements it reached with Greece when it initially invested in OTE in 2008. Deutsche Telekom holds 30 percent in OTE, as Greece has 20 percent. Under a put option, Greece can transfer a 10 percent OTE holding to Deutsche Telekom by the end of 2011. Deutsche Telekom also has a right of first refusal for Greece's remaining 10 percent stake. OTE said first-quarter net profit declined a worse-than-expected 54 percent on weak sales and a special charge related to planned staff cuts, and warned that revenue would continue to be hurt by difficult economic conditions in countries where it operates and regulatory obstacles in debt-laden Greece. OTE has operations including Romania and Bulgaria as well as its home market.
- **France Telecom could sell minority stakes in assets where the group has no operational role and aims to make gross savings of at least 3 billion euros (US\$4.4 billion) by 2015, as the group needs to pave the way back to sustainable growth in a struggling telecom industry.** During the first phase of the plan, between 2011 and 2013, France Telecom aims to invest heavily in its networks as also stabilizing EBITDA through cost savings and an improvement in its French business. The company is aiming for 2013 EBITDA to be above the 2011 level. France Telecom is expected to have EBITDA of 15.19 billion euros (US\$22.2 billion) this year.
- **Hellenic Telecommunications Organization SA (OTE) has decided not to buy the remaining 46 percent stake in Romanian operator Romtelecom, said Romania's information technology and communications minister.** Romania wants to sell off its holding in Romtelecom and it had asked OTE to present a buyout offer by the end of May. The ministry had initiated talks with several investment banks on a possible listing of Romtelecom's shares. The ministry values its stake in Romtelecom at 1 billion euros (US\$1.5 billion). Romtelecom is Romania's No. 1 fixed-line telecom operator. The phone company had revenue of 166.3 million euros (US\$356.2 million) in the first quarter, down 11 percent on the year. EBITDA declined 63 percent to 22.2 million euros (US\$32.5 million).
- **U.K. regulators must avoid determining the number of mobile-phone operators in the country before a frequency auction that may raise as much as 2.6 billion pounds (US\$4.3 billion), said Vodafone Group Plc (VOD)'s public policy director.** Ofcom wants to maintain at least four national carriers and would impose limits on the minimum and maximum amounts of frequencies set to go on sale in the first quarter of 2012 to ensure competition. The auction has been delayed for at least two years amid legal challenges. Vodafone, the world's largest wireless carrier, and Telefonica SA's O2 previously opposed restrictions on the amount of low-frequency spectrum they could bid for.

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Hardware

- **Lenovo Group Ltd. will acquire German computer and consumer-electronics maker Medion AG in a deal worth up to 465 million euros (US\$680 million) in cash and stock, in a move that shows the company sees renewed promise in mature markets like Europe.** The acquisition reflects Lenovo's ambitions to further expand outside of its home country, which still remains its core market. Lenovo, which acquired International Business Machines Corp.'s PC business in 2005, refocused its business on China and emerging markets in 2009 after its business in developed markets dived following the global financial crisis. Lenovo is China's largest PC maker by shipments and the world's fourth-biggest PC maker behind Hewlett-Packard Co., Dell Inc. and Acer Inc. It has also pushed to expand further into mobile devices by selling smartphones and tablet computers to compete with the likes of Apple Inc.'s iPhone and iPad. Lenovo in total will spend between 321 million euros (US\$469.7 million) and 465 million euros (US\$680.4 million) in cash and stock to acquire shares Medion. Lenovo will acquire a 37 percent stake in Medion from Medion Chief Executive Gerd Brachmann.

Mobile/ Wireless

- **Talk of a mega-takeover of Nokia by Microsoft began losing steam almost as soon as the rumour broke, according to Total Telecom.** Nokia late Wednesday declined to comment on reports that its mobile phone unit is subject to a US\$19 billion takeover by Microsoft. The story came from Boy Genius Report (BGR), which quoted Eldar Murtazin, editor-in-chief of Mobile-Review.com, as saying the US\$19 billion deal has already been struck. Murtazin's comments come just weeks after he claimed Nokia and Microsoft were about to open discussions that could see an acquisition negotiated before the end of the year. BGR noted that Murtazin has a proven track record when it comes to Nokia speculation, having been the first to report that Nokia would use Microsoft's Windows Phone 7 platform for its smartphones.
- **International full-service provider for mobile and interactive value-added services, Net Mobile reported that sales increased 7.4 percent year-on-year to 23.981 million euros (US\$35 million) in Q1.** All business divisions of Net Mobile contributed to this success. EBIT decreased 1.803 million euros (US\$2.6 million) in the first three months. The result was financially burdened by integration expenditures and costs for reorganisation through the major shareholder NTT DoCoMo. Furthermore, depreciation increased as a result of investments undertaken.
- **Nokia Oyj has destroyed so much shareholder value that it may be worth 52 percent more if sold and broken into pieces.** The company once worth almost US\$300 billion, has seen its market value tumble 77 percent to US\$25.6 billion since Apple Inc. introduced the iPhone in June 2007. Including net cash, Nokia is cheaper than its 10 biggest rivals based on earnings before interest, taxes, depreciation and amortization, according to Bloomberg. By separating its mobile phone, infrastructure equipment and mapping software businesses and accounting for its patents, Nokia could be worth US\$39 billion, based on the valuations of comparable companies. As Nokia cut its revenue forecast at its mobile-phone unit and may earn less this year than any time in almost two decades, sales of its assets could attract companies from Microsoft Corp. to Samsung Electronics Co. and HTC Corp., according to Jefferies Group Inc.
- **Vodafone Group PLC has acquired the first tranche of shares from Essar Group as part of its US\$5 billion deal to buyout the Indian partner in its local telecom unit.** The company paid US\$1.9 billion to Essar for the first tranche of shares equivalent to an 11 percent stake in mobile-phone operator Vodafone Essar Ltd. Vodafone Group has been keen to fully control Vodafone Essar

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to capitalize on growth in the Indian telecom market. Vodafone indirectly controlled a 67 percent stake in the venture as Essar held the rest. The two partners had been locked in a dispute related to the valuation of Essar's stake. Vodafone will pay US\$5 billion to acquire out Essar. As part of the deal, Essar will exercise its right to sell a 22 percent stake to Vodafone as the British company exercised its right to acquire a further 11 percent stake held by Essar. Both companies didn't disclose any other details of the deal.

Semiconductors

- **Schneider Electric SA planned to acquire software company Telvent GIT SA, another move in its strategy to specialize in handling and optimizing networks such as electric grids in emerging markets.** The company has offered to pay US\$40 a share for 100 percent of Telvent, which is based in Madrid and listed on the Nasdaq. The operation values Telvent at about 1.4 billion euros (US\$2.04 billion), equal to a 36 percent premium over the average share price in the last three months. The acquisition of Telvent follows another, smaller acquisition in India, where Schneider acquired a controlling stake in Luminous, which manufactures inverters. Smart cities and smart grids are computerized systems that make the management of electric grids and network infrastructure such as roads, water and gas pipes more efficient..

Software

- **Location-based social networking website based on software for mobile devices, Foursquare is planning on expanding European operations as it nears 10 million users, including an office in the UK, said the CEO.** Foursquare co-founder and CEO Dennis Crowley said the company expected to have a UK workforce within 6-12 months to build a closer relationship with media agencies and merchants. Such a move would likely be accompanied by similar releases on mainland Europe, he said, identifying the UK however as a priority. The company's headcount is currently 60 and Crowley expects this to grow significantly over the next 12 months. Foursquare has 400,000 local merchants using its platform to manage their relationships with customers by offering rewards for checking in at their venues.

South Africa/Middle East/Latin America

Internet

- **Viadeo will double its users in Africa within a year.** Viadeo, which targets professionals, job seekers, recruiters and serves as a brainstorming platform for entrepreneurs, shelved plans for an IPO to focus on growth in emerging markets. Compared with LinkedIn's 100 million users worldwide, Viadeo has 35 million users, and until recently was mostly known in the French-speaking community due to its origins. It has gradually expanded its presence worldwide with offices and acquisitions in India, China and Mexico amongst others. Diagne said the firm would look to grow its presence on the continent through acquisitions, targeting virtual and real-world associations and career groups while also building partnerships with professional associations. But a lack of online payment options in Africa meant it would be a while before the company started generating revenues from the second of its business models which targets users of its premium content. Diagne said the firm was still trying to find a better and secured payment tool because most people do not have credit cards.

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Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 6/3/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	80.2600	-0.6 %	-1.2 %	-1.1 %	-13.6 %
Hong Kong dollar	HK\$/ US\$	7.7774	0.0 %	0.1 %	0.1 %	0.3 %
Chinese renmenbi	RMB/ US\$	6.4785	-0.2 %	-0.2 %	-1.7 %	-5.1 %
Singapore dollar	S\$/ US\$	1.2290	-0.5 %	0.5 %	-4.2 %	-12.5 %
South Korean won	KRW/ US\$	1,077.0000	-0.5 %	1.1 %	-3.9 %	-7.4 %
New Taiwan dollar	NT\$/ US\$	28.6600	-0.7 %	0.0 %	-1.7 %	-10.3 %
Australian dollar	US\$/A\$	1.0715	0.2 %	-2.1 %	5.0 %	19.4 %
New Zealand dollar	US\$/NZ\$	0.8153	-0.4 %	1.2 %	4.6 %	12.6 %
Philippine peso	PHP/ US\$	43.1950	-0.3 %	1.3 %	-1.0 %	-7.0 %
Euro	US\$/€	1.4634	2.2 %	-1.3 %	9.4 %	2.2 %
British pound	US\$/£	1.6427	-0.5 %	-1.3 %	5.3 %	1.7 %

Fixed Income Prices and Yields

Note	Currency	Current (on 6/3/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.52	4.23 %	102.25	4.24 %	106.08	4.38 %
Japan 30-year	¥	103.44	2.02 %	103.77	2.00 %	101.11	2.14 %
Hong Kong 10-year	HK\$	99.78	2.35 %	99.05	2.57 %	97.48	2.63 %
China (06/16)	US\$	105.61	3.47 %	105.70	3.44 %	105.37	3.52 %
Singapore 10-year	S\$	99.40	2.32 %	99.20	2.34 %	107.00	2.41 %
South Korea 20-year	KRW	10,715.46	4.38 %	10,638.22	4.43 %	10,340.53	4.63 %
Australia 15-year	A\$	104.00	5.27 %	104.04	5.26 %		
New Zealand (12/17)	NZ\$	106.74	5.10 %	106.79	5.12 %	104.13	5.43 %
Philippines 20-year	PHP	129.66	8.19 %	130.62	8.11 %	131.02	8.08 %
India 30-year	INR	96.74	8.61 %	95.75	8.70 %	97.70	8.51 %
UK 30-year	£	101.90	4.13 %	102.23	4.12 %	101.01	4.20 %
Germany 30-year	€	120.69	3.59 %	121.95	3.54 %	117.89	3.74 %

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