



## IRG Technology, Media and Telecommunications Weekly Market Review

*Week of 13 June 2011 - 19 June 2011*

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Equity Market Indicators					
Index	Closing Level (6/17/2011)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2010	% Change 12/31/2009
S&P 500	1,271.50	0.0%	-4.4%	1.1%	14.0%
Dow Jones Industrial Avg.	12,004.36	0.4%	-4.3%	3.7%	15.1%
Dow Jones Tech. Index	427.74	-2.0%	-7.0%	-5.0%	6.2%
Dow Jones Telecom. Index	239.04	-0.2%	-2.5%	1.9%	8.9%
NASDAQ Composite	2,616.48	-1.0%	-6.0%	-1.4%	15.3%
Japan Nikkei 225	9,351.40	-1.7%	-2.2%	-8.6%	-11.3%
JASDAQ	51.52	-0.4%	0.8%	-1.5%	6.5%
Japan Mothers	451.41	-1.8%	-0.1%	4.1%	8.5%
Korea KOSPI Composite	2,031.93	-0.7%	-3.4%	-0.9%	20.7%
Korea Kosdaq	459.33	-1.6%	-9.2%	-10.1%	-10.6%
Taiwan Stock Exchange	8,636.10	-2.3%	-3.1%	-3.7%	5.5%
Singapore Strait Times	3,565.93	-0.8%	-3.5%	-8.7%	19.2%
Hong Kong Hang Seng	21,695.26	-3.2%	-5.5%	-5.8%	-0.8%
Hong Kong GEM	685.16	-2.3%	-9.3%	-15.5%	1.2%
China Shanghai (A-Share)	2,769.23	-2.3%	-7.2%	-5.8%	-19.4%
China Shenzhen (A-Share)	1,135.82	-2.6%	-9.5%	-15.9%	-9.9%
China Shanghai (B-Share)	247.33	-1.0%	-17.6%	-18.7%	-2.0%
China Shenzhen (B-Share)	689.40	-0.9%	-11.0%	-16.4%	10.1%

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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
6/15/11	Ubiquiti Networks, Inc. [NASDAQ: UBNT]	IT	200.0	Wireless networking solutions services provider	UBS Securities LLC; Raymond James & Associates, Inc.	NA

NASDAQ/NYSE Equity Markets: TMT IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 6/17/11	% Change From Offer
06/16/11	Bankrate [NYSE: RATE]	Publisher, aggregator and distributor of online personal finance content	300.0	15.00	15.34	2.3%
06/14/11	Pandora Media [NYSE: P]	Internet radio company with 94 million registered users	235.0	16.00	13.40	-16.3%

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

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

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

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### Weekly Highlights

#### International

##### *Mobile/ Wireless*

- **Worldwide mobile advertising revenue is projected to reach US\$3.3 billion in 2011, at least double the US\$1.6 billion generated in 2010, according to Gartner.** Worldwide revenue will reach US\$20.6 billion by 2015, but not all types of mobile advertising will generate the same opportunity. Search and maps will deliver the highest revenue, as video/audio ads will see fast growth through 2015. Mobile advertising is recognized as an opportunity for brands, advertisers and publishers to engage consumers in a targeted and contextual manner. For that reason, mobile advertising budgets are set to increase across the various categories and regions, growing from 0.5 percent of the total advertising budget in 2010 to over 4 percent in 2015. North America and Western Europe are the regions where mobile advertising budgets will grow most, representing 28 percent and 25 percent of the global market by 2015.
- **Voice over IP now has over 120 million subscribers worldwide, according to the latest analysis from Point Topic, and its growth looks set to accelerate as predictions indicate a US\$40 billion annual VoIP market by 2015.** Point Topic's analysis on VoIP has so far focused on fixed line services, however Internet telephony, where services like Skype are active, is a more enigmatic market. "It is highly fragmented and generally served by companies who don't or won't report regular statistics and revenues. However Skype, the market leader, has had considerable publicity recently and does report some numbers. From these we estimate that there are more internet telephony than VoIP users, with Skype alone accounting for almost 150 million regular callers," said analyst Bosnell. However revenue generated is much lower. At the end of 2010 it had around 9 million paying users generating US\$8 a month on average. Again it is the potential size of the cake that makes for some attractive opportunities.

##### *Media, Entertainment and Gaming*

- **Worldwide spending for entertainment and media services is projected to grow to US\$1.9 trillion by 2015.** Asia Pacific would be the second fastest-growing region after Latin America in terms of E&M spending during the next five years, with a projected 6.5 percent compound annual increase to US\$541 billion from US\$395 billion in 2010. Latin America would grow by 10.5 percent annually to US\$109 billion, EMEA (Europe, Middle East and Africa) will expand at an annual rate of 5.2 percent to US\$614 billion in 2015 and North America will increase by 4.7 percent annually to US\$607 billion.

##### *Information Technology*

- **Pent-up demand and a slowly improving economy are driving recovery in the global IT services market, which will grow at a CAGR of 4.4 percent during the next four years, to hit US\$756 billion, according to Ovum.** The study also found that although 2011 growth is still not back to pre-recessionary levels, the market will return to healthy growth of over 4.5 percent in 2013. IBM continued to be the world's number one provider of IT services in 2010, followed by HP and Fujitsu. There was no change in place in 2010 for the top five vendors, when compared to 2009, and all experienced negative growth last year. Most of the vendors that improved their market share and their ranking were Indian-heritage firms such as Infosys, Wipro and TCS, which moved one place to be ranked 13th. Japanese firms such as NEC, Hitachi and Otsuka Shokai also made gains.

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### *Hardware*

- **Approximately 88.6 percent of global tablet PC shipment will be focused on products of two sizes (9.7-inch and 10.1-inch), according to WitsView.** The report forecasts that 9.7-inch and 10.1-inch products will still be the mainstream with around 85 percent of market share in the coming few years due to customers' preference of tablet PC with large view. On the other hand, 7-inch tablet PCs could become a product with long term sales potential due to its unique cost advantage and size segmentation. The report indicates that the major competitiveness of 7-inch product comes from the cost as compared to 9.7-inch or 10.1-inch products. According to WitsView's investigation, LCD panel and touch panel module account for around 40 percent of the cost of tablet PC.

### **Japan**

#### *Internet*

- **Twitter has entered a venture with Yahoo Japan that will see Tweets featured on various Yahoo services.** The venture will start with having Tweets placed alongside real-time Yahoo Japan results pages. According to Twitter, the venture will allow Twitter to extend its reach in Japan, where it already enjoys a large following. Japanese citizens had particularly utilized Twitter in the direct aftermath of the country's devastating earthquake in March. Twitter had last month entered a deal with incumbent operator NTT Docomo, to develop features and applications incorporating Twitter into the NTT Docomo handsets.

#### *Hardware*

- **Sharp Corp. will release in Japan next month a range of Internet-ready television sets that can interact with its smartphones, as the Japanese electronics maker tries to spur new demand and gain a competitive edge in an increasingly tough market.** Sharp, which holds the largest share of the Japanese TV market, enjoyed a temporary boost in sales during the last fiscal year thanks to a government subsidy program for power-efficient consumer electronics. But with demand seen to decline sharply this fiscal year after the expiry of the program and amid weak consumer sentiment, the key is to create new value, said Tsuneo Nakamura, executive officer and general manager of Sharp's audio visual systems business, at a press conference. The new Aquos L Series TVs, to be released in Japan on July 15, will allow viewers to access the Internet via a new online platform called Aquos City-offering news, entertainment and weather forecasts, among other content and services. The company said it hasn't decided whether to release similar products outside of Japan.
- **Japan's parliament enacted legislation criminalizing the creation or distribution of computer viruses to crack down on the problem of cybercrimes.** However, the critics say the move could infringe on the constitutionally guaranteed privacy of communications. The legislation makes the creation or distribution of a computer virus without a reasonable cause punishable by up to three years in prison or 500,000 yen (US\$6,248) in fines, and the acquisition or storage of one punishable by up to two years in prison or 300,000 yen (US\$3,749) in fines. It also makes it punishable to send e-mail messages containing pornographic images to a random number of people.

#### *Telecommunications*

- **Jupiter Telecommunications ended May with a total of 3.5 million households subscribers, up 5.1 percent year-on-year.** Combined revenue generating units (RGUs) for cable television, high-speed Internet access and telephony services reached approximately 6.56 million, up 7.9 percent from

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May last year. The bundle ratio (average number of services received per subscribing household) increased to 1.88 from 1.83 a year earlier. The number of internet subscribers went up 7.1 percent to 1.75 million from 1.63 million a year earlier, as the number of telephony customers grew 12.1 percent to 2.06 million from 1.84 million. J:Com also had 2.75 million cable TV customers, up 5.5 percent from 2.61 million in May 2010.

### *Semiconductors*

- **Fujitsu forecast a small increase in its full-year results. The company did not release an annual forecast at its last earnings announcement, due to uncertainty about the impact of the earthquake in Japan.** Fujitsu said there is still some uncertainty about domestic ICT demand, but the risk associated with procurement of raw materials and components has abated. For the year to March 2012, the company forecast revenues of 4.60 trillion yen (US\$57 billion), and operating profit of 135 billion yen (US\$1.6 billion). Net profit is expected to increase to 28.99 billion yen (US\$362 million). Revenues for the first six months of the year are forecast slightly lower year-on-year, with a steep fall in operating profit and breakeven net result. Fujitsu expects PC shipments over the full year to rise to 6.60 million, from 5.42 million last year, while ICT services revenues will be flat to slightly higher.

## Korea

### *Mobile/Wireless*

- **South Korean regulators are planning a major drive towards NFC adoption, including requiring smartphone vendors to include the capability in their phones.** KCC will oversee efforts to install or upgrade 300,000 mobile payment checkout point of sale systems this year, Reuters reports. Mobile operators and credit card companies will deploy the terminals at shops including retail stores, fast food outlets and petrol stations. Credit card companies will offer discounts when paying by phone in a bid to stimulate adoption. All smartphones that go on sale in South Korea will also soon need to be equipped with an NFC chip. The news follows last week's announcement by the KCC that operators SK Telecom, KT and LG U+, as well as card issuers, government bodies and consumer electronics firms, will join forces for the Grand NFC Korea Alliance. The Alliance will facilitate NFC adoption, with the goal of having the industry generate nearly US\$1 billion in revenue and create 5,700 jobs over the next five years, NFC World cited. SK Telecom also agreed to team up with KDDI and Softbank to trial NFC payments for travelers between Korea and Japan.
- **LG Electronics is targeting 25 percent growth in annual mobile phone sales in Japan this year.** LG, which shipped 1.6 million units of mobile phones in the Japan last year, set its target for this year at 2 million as a new smartphone model is scheduled to launch soon.

## China

### *Internet*

- **A Google Inc. joint venture in China applied for a regulatory license to operate an online mapping service in the country.** The application comes as Google, which offers the map website Google Maps, faces local disruptions to its services, a declining search market share in China and tense relations with the Chinese government. Google's main rival in China, online search provider Baidu Inc., has gained more of the search market as Google has slid. China's State Bureau of Surveying and Mapping issued rules last year requiring all companies providing online map and location services, searches or downloads in China to apply for approval to continue operating.



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- **Sina has signed a strategic venture with China Unicom, under which the two companies will deepen cooperation over development of products based around Sina's Twitter-like microblogging service, among other fields.** The mobile carrier will provide voice communication and 3G mobile internet services to Sina, as both will develop e-commerce, search, location-based services and microblogging-based products. Sina had announced a venture between its microblogging service and China Telecom, allowing users to log in with their China Telecom service accounts.
- **Alibaba has decided to split Taobao into three firms, called etao.com, taobao.com, and tmall.com, effective from June 17.** The company is splitting the country's largest online shopping website into three separate firms that focus on different segments of the market as it seeks to adjust to rapid growth and rising competition. Taobao.com will be a consumer-to-consumer website, and tmall.com will be business-to-consumer website. The company had 70 percent of the country's online sales transacted in the first quarter of this year and Goldman Sachs recently valued it at about US\$7 billion.
- **Tencent will establish a wireless internet technology R&D center in Wuhan, capital of Hubei Province, with an initial investment of no less than 1 billion yuan (US\$154 million).** The company's president, Liu Zhiping, had stated that it intends to double its investment in development of internet services to 10 billion yuan (US\$1.5 billion).
- **Tudou will raise up to US\$120 million through a Nasdaq initial public offering after company founder, chairman and CEO Gary Wang and his ex-wife settled a lawsuit contesting equity interest in site's operating and revenue-generating variable interest entity Quan Toodou Network Science and Technology.** Gary Wang's ex-wife was seeking division of 76 percent of Wang's interest in Quan Toodou, though the court ruled in June this year that Wang is entitled to the equity interests in any companies that are directly or indirectly held by him, leaving him in control of 95 percent of the VIE.
- **Tencent Holdings Ltd. will boost the size of a company investment fund targeting third-party software developers to 10 billion yuan (US\$1.5 billion), as the company looks to add more applications to its online services, Tencent Chairman Pony Ma said.** Tencent in January said it would release a 5 billion yuan (US\$772 million) investment fund to invest in online game companies and other firms. Tencent has said it would open up some of its online platforms for external software developers to contribute applications, a move that could bring the company new revenue flows. Of Tencent's nearly 20 billion yuan (US\$3.09 billion) in revenue last year, it gave 4 billion yuan (US\$618 million) to business partners, illustrating Tencent is moving toward an open platform and is willing to work with external software developers.

### *Mobile/Wireless*

- **Moca World has completed second-round financing worth around US\$10 million, qq.com cited.** The investment will be directed towards smartphone games development and expansion into the Japanese market. The company received first-round funding of US\$2 million from Japanese venture capital firm Infinity Venture Partners in 2010.

### *Telecommunications*

- **Telefonica SA has raised its stake in China Unicom (Hong Kong) Ltd. to 9.01 percent from 8.99 percent.** Spain's No. 1 telecommunications firm by market value acquired 3.84 million China Unicom shares at an average price of HK\$15.95 each (US\$2.04).



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- **China Mobile, China Unicom, and China Telecom have invested a cumulative total of 289 billion yuan (US\$44.66 billion) in rolling out 3G services.** The number of 3G base stations in the country totals 697,000. The three companies had a combined total of 67.57 million 3G subscribers at the end of April.

### *Media, Entertainment and Gaming*

- **NetDragon Websoft had net income for the first quarter of 2011 of 34.61 million yuan (US\$5.3 million).** Total revenues for the first quarter were 150.7 million yuan (US\$23.2 million), up 4.7 percent quarter- on- quarter, with the company's mobile Internet business generating 6.1 million yuan (US\$942 million), representing an increase of 45.8 percent from the prior quarter. During the first three months of this year, NetDragon notched up average concurrent users of its online games of 246,000, up 6.0 percent quarter- on- quarter, as its peak concurrent users hit 546,000, up 0.7 percent over the fourth quarter of 2010. The company expects to release expansion packs for its games Conquer Online and Zero Online, and to start open beta testing of its first 3D MMORPG, World of Dungeon Keeper, its first 2D beat-em-up side scroller, icombo, and its first first-person shooter game, Absolute Force in the second half of 2011.
- **China's Ministry of Finance issued temporary rules canceling import duty for products needed for comics and animation production.** The MOF, together with the General Administration of Customs, the State Administration of Taxation, and the Ministry of Culture, have worked out the interim rules by which animation companies can be exempted from import tariffs and value-added taxes when importing products used for comic and animation development and production. The implementation duration of the temporary rules runs from January 1, 2011 to December 31, 2015. The rules state that qualified animation companies must have registered capital of at least 800,000 yuan (US\$123,418).

### **Hong Kong**

#### *Telecommunications*

- **PCCW Ltd. can generate more value for its assets by placing them in a proposed business trust than through other methods of reorganization, Chairman Richard Li said.** A trust would be able to pay out a larger proportion of its income as dividends than a company structure, Li said at a shareholders meeting in Hong Kong. Li said PCCW will give at least HK\$1.1 billion (US\$141 million), the payout in 2010, in annual dividends for three years after the spinoff. PCCW this month won stock exchange approval to sell a stake in a trust comprising telecommunications assets that it intends to list, a sale that Macquarie Group Ltd. said may raise as much as HK\$13.5 billion (US\$1.7 billion). Proceeds from the spinoff, at least the sixth attempt to reorganize since 2006, may help PCCW boost investments in faster-growing businesses after its stock underperformed Hong Kong rivals including SmarTone Telecommunications Holdings Ltd. this year. The ability of the proposed trust to distribute a higher proportion of its income to shareholders is the main benefit of the reorganization, according to Macquarie analysts including Lisa Soh.

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

#### *Telecommunications*

- **Bharti Group is in talks with Vodafone Group PLC to acquire a 4.4 percent stake the British company indirectly owns in telecommunications services provider Bharti Airtel Ltd., local**

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**television news station CNBC TV18 cited.** Bharti is partnering with a financial institution to acquire the stake, CNBC TV18 said. A Vodafone representative told Dow Jones Newswires that the company was open to selling the indirect stake in Bharti Airtel.

- **Philippine Long Distance Telephone Co. saw a slight decline in its service revenue due to slower economic growth this year compared with the same period last year, when the economy received a boost from election-related spending.** PLDT Chairman Manuel Pangilinan told reporters after the company's shareholders meeting that service revenue in the April-June quarter will likely be 2 percent-3 percent lower than the PHP36.15 billion (US\$826 million) posted in the year-earlier period. In the second quarter of last year, gross domestic product surged at 8.9 percent on year, its fastest clip in decades due to infrastructure and other related spending ahead of the presidential elections in May.
- **Philippine Long Distance Telephone Co. secured shareholder approval for its planned acquisition of rival Digital Telecommunications Philippines Inc.** The company still needs regulatory approval for the takeover of Digitel, which will solidify PLDT's dominance in the booming cellular segment. PLDT's main rival, Globe Telecom Inc., is trying to block the acquisition. PLDT shareholders will issue as many as 29.7 million new shares, equivalent to a 13.7 percent stake in PLDT, to swap for Digitel shares held by conglomerate JG Summit Holdings Inc. and minority shareholders. In all, assuming minority shareholders of Digitel agree to swap their shares, the deal will be valued at PHP74.1 billion (US\$1.7 billion).
- **Reliance Communications Ltd. said Bharat Sanchar Nigam Ltd. has breached its agreement between the two companies by not allowing the Anil Ambani group company to route mobile phone calls to other telecom operators through the state-run telecommunications company's network in two northern Indian states.** BSNL's move has affected 3.96 million of its users in the two states of Haryana and Punjab, Reliance Communications said. Reliance Communications said BSNL's decision follows a payment dispute dating back to February-November 2004. Reliance Communications had paid 5.33 billion rupees (US\$118 million) to BSNL towards full and final settlement of the dispute and another 550 million rupees (US\$12.2 million) under protest. The company adhered to the directions of the telecom disputes tribunal, and now the dispute is in the Supreme Court.
- **Idea Cellular Ltd. beat market expectations to report a 3 percent rise in fiscal fourth-quarter net profit as a 26 percent growth in sales outweighed a rise in expenses and the absence of a one-time non-operating income that had boosted last year's profit.** The Aditya Birla Group company has benefited from its early focus on rural India, which has been relatively untouched by the saturation seen in the key urban markets of larger rivals such as Bharti Airtel Ltd. and Reliance Communications Ltd. For the three months through March, Idea's net profit increased to 2.75 billion rupees (US\$61 million) with sales increased 26.5 percent to 42.35 billion rupees (US\$945 million). Total costs increased 28 percent to 38.17 billion rupees (US\$852 million).
- **Thailand's telecommunications and broadcasting regulator expects to auction off licenses to operate the frequency spectrum used for third-generation mobile phone services in the first quarter of 2012 at the earliest after outstanding legal issues are resolved.** The frequency licensing move is seen as a key step in the continuing liberalization of Thailand's telecom industry, which is dominated by two state-owned firms that hold rights to grant contracts to private operators. Analysts say progress on the 3G platform can provide substantial economic benefits for the country, where broadband penetration is relatively low. The independent body, which will supervise Thailand's

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telecom and broadcasting sectors, might be formally established by mid-September, about one or two months after a new parliament is formed, Natee said. Until then, the NBTC's responsibilities are being performed by its predecessor, the National Telecommunication Commission, of which Natee is a member.

- **Tata Communications has increased its effective holding in South Africa's Neotel to 61.5 percent from 49 percent.** Neotel is yet to turn a profit. It intends to enhance hosting capabilities at its Neotel facility at Cape Town, in South Africa. The capacity expansion would be funded by revenues from its submarine cable business. The company had a net loss of Rs 854 crore (US\$190 million) for 2010-11.
- **Telecom Corporation of New Zealand Ltd has appointed David Yuile from within the company as the new chief executive of the Australian business AAPT.** Mr Yuile is the current general manager for network and technology at AAPT since June 2008.

### *Mobile/ Wireless*

- **The number of people in India using mobile phones for work will grow by 53 percent over the next four years to reach 205 million by 2015, says Springboard Research.** Springboard found that 65 percent of the work force will be equipped with smart mobile devices. However, the report said that enterprise adoption of mobile strategies is still at a nascent stage. The limited storage capacity but increasing computing power with facility to access internet on mobile is expected to push demand for cloud computing.
- **The mobile advertisement market in Malaysia grew by 17 percent to 245 million monthly advertisement impressions from January to April this year, driven by smartphones.** InMobi, a mobile advertisements network, said smartphones, which now represented two of every five advertisements in the market, grew by 28 percent over the same period. InMobi said the volume of mobile impressions in Malaysia signified the reach mobile devices could offer local, regional and global brands in this mobile market. Nokia remained the number one manufacturer in Malaysia holding a 37.9 percent impression share, as HTC was the biggest winner in first quarter, increasing share by 5.6 share points. Apple iPhone still remained the most popular device in Malaysia with 8.2 percent share of impressions. Atul said almost six of every 10 mobile ads across the InMobi network in Malaysia were delivered across Nokia and Sony Ericsson devices.

## United States/Canada

### *Mobile/ Wireless*

- **Tango received about US\$30 million in a round of funding that values the startup at US\$160 million.** Investors include former Cisco Systems Inc. executive Daniel Scheinman, investment banker Bill Hambrecht, venture capitalist Bill Tai and entrepreneur Michael Birch, said one of the people, who asked not to be named because the funding was confidential. The company first released its application in Apple's App Store in September, signing up at least 1 million people within 10 days. Since then it has introduced versions for handsets running Google's Android software, including HTC's ThunderBolt. Tango's users are now split evenly between Apple and Android. Apple helped popularize mobile-video calling with the June 2010 introduction of the iPhone 4, which has a front-facing camera. Apple offers its own videoconferencing software, called FaceTime, though it only works over Wi-Fi connections, rather than mobile-phone networks, and only with Apple products.

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- **ARM has acquired Obsidian Software, a verification and validation provider for use in the design of complex processors.** Obsidian Software is a privately-owned company, with offices in Austin, Texas. This acquisition augments ARM's drive in matching its verification strategies with the rate of change in its high performance, complex SoC IP components.
- **Research In Motion cut its full-year outlook citing a challenging start to its fiscal year. The BlackBerry maker had revenues for the fiscal first quarter to 28 May of US\$4.9 billion, down 12 percent from the previous quarter and up 16 percent from a year earlier.** RIM shipped approximately 13.2 million BlackBerry handheld devices in the quarter, below its earlier outlook for 13.5-14.5 million, and also sold around 500,000 BlackBerry Playbook tablets. The company said the slowdown was continuing in Q2 and delays in new product launches to the end of August mean results aren't seen to improve until the second half of the fiscal year. RIM had Q1 net profit of US\$695 million, down from US\$769 million a year ago.

### *Internet*

- **Google Inc. has substantially boosted its renewable-energy investments by providing US\$280 million to back a portfolio of small solar projects installed by California company SolarCity Inc.** The deal represents Google's search for financial returns in low-risk projects, as well as reflecting its general belief that clean energy makes good business sense, said Rick Needham, Google's director of green business operations. The company invested US\$680 million in renewable energy projects, and this marks its first foray into small-scale solar. Google also acquires wind power on long term basis, in order to hedge against rising fossil fuel prices, said Needham. San Mateo, Calif.-based SolarCity leases solar systems to residential and commercial customers, so that they get the benefits of solar power even as their total utility bills go down. This is an interesting and compelling business model, said Needham.
- **Google confirmed its acquisition of online-advertising firm Admeld to increase its offerings of ad-management tools.** Financial terms were not disclosed. But people familiar with the matter put the deal value at approximately US\$400 million. New York-based Admeld, known as a supply-side platform company, helps large websites sell advertising, which would help Google obtain ad inventory from some of the top publishers of online content, including Thomson Reuters Corp. and News Corp.'s Fox News and New York Post sites. Google generated nearly US\$30 billion in 2010 revenue, the vast majority of which came from selling ads on its search engine.
- **Google has begun inviting website owners to apply to a program that can enable them to provide links to books for sale at Google's eBookstore, and share in resulting revenue.** Google's early efforts to scan enormous amounts of books and make them accessible online drew it into litigation with authors and publishers. A proposed settlement between Google and authors and publishers, who sued the company in 2005 for alleged copyright violations, was rejected in March.
- **Google's dominant market share for Internet searches in the U.S. inched up in May, according to comScore Inc., which also had the share for Microsoft Corp. and Yahoo unchanged.** Google's search market share was 65.5 percent, up 0.1 percentage point from April. Yahoo's share remained at 15.9 percent as Microsoft's sites, including its Bing search engine, came in at 14.1 percent. Market share for the fourth-largest search engine, IAC/InteractiveCorp.'s Ask.com, declined 0.1 percentage point to 2.9 percent. AOL Inc.'s share was flat at 1.5 percent. Overall, users made 17 billion shares in May. Google's sites ranked first with 11.2 billion searches, followed by Yahoo's 2.7 billion and Microsoft's 2.4 billion. ComScore has shifted how it reports its data after

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Yahoo's contextual searches skewed results last summer. The group measures U.S. explicit core searches, which exclude contextual searches that don't reflect any intent by users.

### *Media, Entertainment and Gaming*

- **Time Warner Cable will acquire NewWave Communications' cable systems in Kentucky and western Tennessee for US\$260 million.** Under the deal, which is expected to close in the fourth quarter, Time Warner will add about 70,000 basic video subscribers, 42,000 Internet subscribers and 26,000 phone subscribers. The deal comes as Time Warner Cable, which has largely been focused on selling its triple-play bundle of broadband, television and phone services, intends to shift its focus to sell more single play broadband to people who may get video from other sources. The company in April had its first-quarter profit jumped 52 percent, and the company added customers as growth in its broadband business outweighed continued losses in video subscribers. The company had a total of about 14.5 million customers at the end of the period.
- **Traditional television viewing remained the dominant source of video content during the first quarter, though mobile-video viewing saw a 41 percent rise from last year, according to Nielsen Holdings N.V.** Each month, U.S. consumers spent nearly 159 hours viewing TV in their homes, 4.5 hours viewing Internet video and at least 4 hours watching video on mobile devices. The media-measurement company said overall TV viewership per person increased 22 minutes a month, compared with the year-earlier, as less than 1 percent of the population isn't watching TV. About 91 percent of consumers paid for cable, satellite or telephone-company-provided TV service, and broadcast-only homes accounted for less than a tenth of U.S. TV households.

### *Telecommunications*

- **Best Buy Co. said it is expanding a U.K. online music platform to the U.S. to challenge Amazon and Apple in so-called cloud-based offerings.** Best Buy's U.S. Music Cloud service, powered by Catch Media Inc., is available for mobile devices such as RIM's BlackBerry smartphone and those using Android technology, Catch Media Chief Executive Officer Yaacov Ben-Yaacov said. The platform, marketed as My Music Anywhere in the U.K., is designed allow users to stream content they have purchased to a computer, mobile phone or tablet, eliminating the need to transfer and store computer files, Beverly Hills, California- based Catch Media said. The service is similar to Amazon's Cloud Player, introduced in late March, and Apple's iCloud platform, which will be rolled out this fall. Best Buy has yet to formally announce the U.S. service, though Music Cloud can be downloaded at Google Inc.'s Android- platform online application store. Voicemail messages seeking comment from Scott Morris, a spokesman for Best Buy, and at the company's press relations phone number weren't immediately answered.
- **Comcast Corp. has reached a deal with Skype that will allow Comcast subscribers to make high-definition quality video calls through their televisions.** Using the Skype software, a video camera, a set-top box and a special remote control, Comcast customers will be able to make and receive video or audio calls and text messages. It does not matter if the person at the other end of the call uses a phone, a personal computer or a TV. The collaboration between Comcast and Skype is the first of its kind. Microsoft Corp. will acquire Skype for US\$8.5 billion. Comcast said trials will begin in the coming months, with further details coming later this year. With the new Comcast-Skype product, when a number appears on a phone using the Caller ID function, it will also pop up simultaneously on a PC and a TV, said Cathy Avgris, senior vice president of communications and data services for Comcast, in an interview.



# IRG Technology, Media and Telecommunications

## Weekly Market Review



Week of 13 June 2011 - 19 June 2011

- **Billionaire Philip Falcone's LightSquared Inc. reached a 15-year deal with Sprint Nextel Corp. to share network expansion costs and equipment, and to provide high-speed wireless service to the phone company.** Falcone told Harbinger Capital Partners hedge fund investors about the accord in a letter obtained by Bloomberg News. The companies were discussing a deal valued at as much as US\$20 billion. Falcone is gambling at least 60 percent of his hedge fund on LightSquared. For Sprint, the deal would provide a new source of revenue as the third-largest U.S. wireless company struggles to compete with bigger rivals. AT&T is trying to acquire Deutsche Telekom AG's T-Mobile USA unit, which would let it pass Verizon Wireless to become the country's No. 1 wireless operator. Sprint Chief Executive Officer Dan Hesse is fighting to block the deal, which needs government approval, arguing it would stifle competition.

### *Hardware*

- **Hewlett-Packard Co. will shift some production of laptops to Japan from Shanghai this year to shorten delivery times to customers in the country.** The company will assemble laptops geared for corporate customers in a Tokyo factory that currently makes desktop PCs, said spokesman Naoto Miyazawa, confirming an earlier report in the Nikkei newspaper. HP aims to produce 1.4 million desktops and laptops a year at the plant. Shifting production from China will allow HP to shorten product delivery times in Japan to five business days from 10 days. Japan accounts about 2.5 percent of HP's global PC sales by volume.

### **Europe**

#### *Telecommunications*

- **Billionaire Zygmunt Solorz-Zak is selling a stake in Cyfrowy Polsat SA to fund construction of a high-speed wireless network.** Solorz-Zak, who owns 66 percent of Cyfrowy Polsat, Poland's second-biggest television company, through two companies he controls, will retain a majority stake. The sale of the Cyfrowy Polsat stake will take place in the coming days for a price close to the market price, Solorz-Zak told the PAP newswire.
- **TeliaSonera AB will invest at least 8 billion Swedish kronor (US\$1.3 billion) in its fixed-fiber networks by 2014.** Chief Executive Lars Nyberg said TeliaSonera's fixed networks remain a key strategic asset and added that out of the planned 8 billion kronas (US\$1.2 billion) investment in its fiber network infrastructure, 5 billion kronas (US\$780 million) will be invested in Sweden. Nyberg also said demand for TeliaSonera's services is greater than ever, but added that there is a need to develop new business and pricing models. TeliaSonera, which reiterated its outlook for 2011, said its Eurasian operations continue to drive growth for the company and, according to the chief executive, the untapped potential in mobile data in the region is exciting. TeliaSonera has entered a network-sharing agreement with Telenor ASA in Denmark, whereby the two companies will build a joint mobile network.
- **Deutsche Telekom AG is to axe 7 percent of the workforce of its Dutch unit T-Mobile Netherlands BV.** T-Mobile will close its offices in Amsterdam and in Breda in the south of the Netherlands and transfer operations to The Hague. This will result in the loss of 150 of the current 2,200 jobs.

# IRG Technology, Media and Telecommunications

## Weekly Market Review



Week of 13 June 2011 - 19 June 2011

- **Spain's Industry Ministry will auction mobile spectrum in coming days, with bids starting at 1.45 billion euros (US\$2.07 billion), in the largest such tender for telecom companies looking to release high-speed, fourth-generation services.** Eleven companies will be allowed to take part in the auction, including existing top operators Telefonica SA, Vodafone PLC and France Telecom SA, as well as local cable firms and smaller players, the ministry said in a press release. This will be the second 4G mobile spectrum auction, after France Telecom and Sweden's TeliaSonera AB won the first one last month, and committed to pay Spain's government 168 million euros (US\$240 million). Overall, 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. The proceeds will be used to lower the government's financing needs at a time when borrowing costs have risen. Spain is seeking to cut its budget deficit to 6 percent of gross domestic product this year, from 9.2 percent last year.

### *Media, Gaming and Entertainment*

- **Cable & Wireless Worldwide has released a surprise bid for the IT services company 2e2, renewing concerns about its ability to maintain its dividend pledge because the potential cost could exceed GBP400 million (US\$6 million).** C&W Worldwide promised last month to maintain its annual dividend at 4.5 pence a share, but analysts feared that it wouldn't generate sufficient cash to cover the payment. The company would seek more cloud computing contracts to shift its revenues towards data and away from voice work. The acquisition of 2e2, a privately owned systems integrator based in Newbury, Berkshire, would reflect that change in strategy.

### *Mobile/ Wireless*

- **Ericsson announced the acquisition of 100 percent of U.S.-based Telcordia for US\$1.15 billion in cash.** The company expects to complete the transaction with existing shareholders Providence Equity and Warburg Pincus by the end of the year. Based in New Jersey, Telcordia generated revenues of US\$739 million in the fiscal year ended 31 January and employs at least 2,600 people. Telcordia will help Ericsson grow in the market for operations and business support systems, bringing a skilled employee base, a large business in North America and other markets, and a good multi-vendor product portfolio, according to Ericsson. In addition to adding to Ericsson's network services operations, Telcordia will help with the challenge of monetising and supporting the growing mobile data business for operators, a core growth area for Ericsson.
- **Nokia might be knocked from its perch as the world's biggest maker of smartphones this quarter, overtaken in market share terms by both Samsung, according to Nomura, which raised its forecast for handset market growth in full-year 2011.** Samsung and HTC form part of a wider group of Asian vendors that have outperformed Nomura's already lofty expectations so far this year.

### **South Africa/Middle East/Latin America**

#### *Telecommunications*

- **The Essar Group is looking to exit its telecom businesses in Africa, India's Economic Times cited.** The group has pulled out of an agreement to acquire assets in Uganda and the Republic of Congo, and it is also looking to sell its operations in Kenya, the newspaper said, citing two people who it said are aware of the matter. Essar will acquire a majority stake in United Arab Emirates-based Dhabi Group's telecommunications assets in Uganda and the Republic of Congo. But it is now looking to return the assets to Dhabi Group unit the Warid Group.



# IRG Technology, Media and Telecommunications

## Weekly Market Review



Week of 13 June 2011 - 19 June 2011

### *Internet*

- **Naspers expects annual core headline earnings per share to be between 10 and 20 percent higher than the comparable period's ZAR 0.1426 (US\$.021).** The company expects that earnings per share for the year ended 31 March will be 55-65 percent higher than the prior period's ZAR 0.873 (US\$.129), mainly as a consequence of one-time dilution gains arising from the contribution of the group's stake in Mail.ru into the newly listed entity.

# IRG Technology, Media and Telecommunications

## Weekly Market Review



Week of 13 June 2011 - 19 June 2011

### Other Economic Data

#### Currency Exchange Rates

Currency	Units	Current Rate (on 6/17/11)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2011	% Change 1/1/2010
Japanese yen	¥/US\$	80.0400	-0.3%	-0.9%	-1.4%	-13.8%
Hong Kong dollar	HK\$/ US\$	7.7899	0.1%	0.2%	0.2%	0.5%
Chinese renmenbi	RMB/ US\$	6.4700	-0.2%	-0.6%	-1.8%	-5.2%
Singapore dollar	S\$/ US\$	1.2337	-0.3%	-1.3%	-3.8%	-12.2%
South Korean won	KRW/ US\$	1,085.8000	0.2%	-0.5%	-3.1%	-6.7%
New Taiwan dollar	NT\$/ US\$	28.9850	0.7%	0.6%	-0.6%	-9.3%
Australian dollar	US\$/A\$	1.0626	0.9%	0.6%	4.1%	18.4%
New Zealand dollar	US\$/NZ\$	0.8127	-1.0%	4.2%	4.3%	12.2%
Philippine peso	PHP/ US\$	43.6400	1.1%	0.7%	0.0%	-6.0%
Euro	US\$/€	1.4308	-0.3%	1.1%	7.0%	-0.1%
British pound	US\$/£	1.6194	-0.2%	0.0%	3.8%	0.2%

#### Fixed Income Prices and Yields

Note	Currency	Current (on 6/17/11)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	102.88	4.21%	103.23	4.18%	101.73	4.27%
Japan 30-year	¥	102.87	2.05%	102.45	2.07%	103.29	2.02%
Hong Kong 10-year	HK\$	99.00	2.30%	100.45	2.27%	98.53	2.50%
China (06/16)	US\$	104.88	3.61%	105.64	3.49%	105.73	3.51%
Singapore 10-year	S\$	99.60	2.28%	99.80	2.27%	107.75	2.31%
South Korea 20-year	KRW	10,480.72	4.39%	10,418.66	4.43%	10,489.06	4.53%
Australia 15-year	A\$	104.94	5.16%	104.33	5.23%	103.68	5.31%
New Zealand (12/17)	NZ\$	107.73	4.97%	107.01	5.06%	105.97	5.20%
Philippines 20-year	PHP	130.12	8.15%	131.03	8.07%	130.65	8.11%
India 30-year	INR	96.89	8.59%	96.86	8.60%	96.53	8.63%
UK 30-year	£	101.65	4.16%	101.80	4.15%	100.52	4.22%
Germany 30-year	€	120.43	3.60%	121.33	3.57%	119.16	3.65%

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