

# IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review



Week of 19 April - 25 April 2003

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Equity Market Indicators					
Index	Closing Level (4/25/2003)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/2003	% Change 2002 Low
S&P 500	898.81	0.6%	-22.2%	2.2%	17.3%
Dow Jones Industrial Avg.	8,306.35	-0.4%	-17.5%	-0.4%	15.8%
Dow Jones Tech. Index	241.12	-0.7%	-28.5%	5.0%	33.0%
Dow Jones Telecom. Index	147.25	2.9%	-29.4%	-0.4%	26.2%
NASDAQ Composite	1,434.54	0.6%	-27.5%	7.4%	30.8%
The Street.com Net	98.54	0.3%	-49.6%	15.0%	59.8%
Japan Nikkei 225	7,699.50	-2.2%	-29.2%	-10.3%	-5.4%
Japan TOPIX	782.03	-1.1%	-25.8%	-7.3%	-2.6%
Korea KOSPI Composite	566.63	-9.3%	-21.8%	-9.7%	0.7%
Korea Kosdaq	40.89	-8.8%	-45.1%	-7.8%	-1.4%
Taiwan Stock Exchange	4,233.54	-9.1%	-24.4%	-4.9%	13.6%
Singapore Straits Times	1,229.14	-4.2%	-24.4%	-8.3%	-6.6%
Hong Kong Hang Seng	8,409.01	-3.1%	-25.9%	-9.8%	-4.7%
Hong Kong GEM	907.94	-3.6%	336.2%	-4.5%	754.5%
China Shanghai (A-Share)	1,555.84	-7.2%	-7.2%	9.6%	14.1%
China Shenzhen (A-Share)	437.03	-6.6%	-10.8%	6.6%	13.2%
China Shanghai (B-Share)	118.06	-8.0%	-30.2%	4.0%	6.3%
China Shenzhen (B-Share)	210.67	-6.9%	-19.5%	12.7%	16.3%

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## Technology, Media, Telecommunications and Life Sciences Market Activity

### NASDAQ/NYSE TMT and Life Sciences IPO Filings

File Date	Issuer	Industry Sector	Size (\$MM)	Description	Book-Runner	Co-Manager
N/A						

### NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 3/28/03	% Change From Offer
N/A						

### Asian Equity Markets: TMT and Life Sciences IPO Pricing

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 4/25/03	% Change From Offer
4/24/03	Jet Master Integration Corp [5213.TT] (Gretai)	Provides office document automation system and office document management information system integration services	\$1.8	NT\$20	NT\$17.3	-14%
4/24/03	Wacom Co. Ltd [6727.JP] (JASDAQ)	Develops computer graphic illustration devices, such as LCDs, tablets, and related software	\$9.8	¥390,000	¥645,000	65%
4/23/03	Taiwan First Line Electronic [6242.TT] (Gretai)	Manufactures and markets cables as well as external computer peripherals	\$0.9	NT\$13	NT\$15.3	18%
4/22/03	ENE Technology [6443.TT] (Gretai)	Develops, manufactures and markets integrated circuit products	\$2.5	NT\$40	NT\$34.5	-14%
4/21/03	C-Media Electronics Inc. [6237.TT] (Gretai)	Designs and manufactures integrated circuit chips	\$9.0	NT\$110	NT\$106.5	-3%
4/21/03	Min Aik Technology [3060.TT] (Gretai)	Contract manufacturer of electronic components; main products include crash stop assembly and voice coil mechanism products for hard disk drives	\$15.6	NT\$36	NT\$46	28%

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## Weekly Highlights

### Japan

#### *Telecommunications*

- **NTT to pour resources into high-speed Internet services.** The former national telephone monopoly is looking to the new data services to make up for dwindling revenue from its traditional phone business. NTT forecast that in three years its operating income would grow to ¥1.6 trillion (\$13.33 billion) from an estimated ¥1.3 trillion in the fiscal year ended March 31.
- **KDDI to raise its annual per share dividend to Y2,095** from the previously planned Y1,790 for the fiscal year ended March 31. The company said the decision follows the successful completion of the business consolidation resulting from its merger about two years ago with DDI and IDO.

#### *Mobile / Wireless*

- **NTT DoCoMo to transfer 3G cell phone technology** enabling teleconferencing and other high-speed functions to major cell phone firms in Singapore and Hong Kong. Singapore Telecommunications Pte. and Hong Kong-based Hutchison Telephone Co. are set to launch their respective 3G services next year.

#### *Semiconductors*

- **Sony to invest about ¥200 billion (\$1.67 billion) in advanced microchip-production facilities** over the next three years. The move comes as chips are increasingly finding their way into game consoles and consumer electronics, which Sony makes, and the Japanese consumer-electronics giant shifts away from dependence on partners that make components for its products.

#### *Hardware*

- **Toshiba return to net profitability for the fiscal year**, helped by brisk demand for semiconductors and notebook computers as well as major restructuring efforts. The Japanese electronics maker posted a group net profit of ¥18.50 billion (\$154 million) for the ended March 31, a huge turnaround from its loss of ¥254.02 billion the previous year.
- **Fujitsu post second consecutive annual loss** and announced a management shake-up as it continues its restructuring efforts. The Japanese computer giant posted a group net loss of ¥122.07 billion (\$1.01 billion) for the latest fiscal year, following its worst-ever loss of ¥382.5 billion for the prior year, as heavy restructuring costs cut into earnings.
- **Sony profits are way below earlier targets for the year ended March 31.** It also forecast more declines in the current fiscal year. The world's largest consumer-electronics maker said weak demand for staple products like television sets and Vaio personal computers led to a 12% sales drop in the January-March quarter from a year earlier.
- **NEC report narrower loss for the latest fiscal year** but failed to return to a profit. Japan's largest maker of personal computers, mobile phones and telecommunications equipment posted a net loss of ¥24.56 billion (\$204 million) for the fiscal year just ended, after the company was forced to book hefty stock-valuation losses. NEC posted a net loss of ¥312 billion for the prior fiscal year.

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- **PC shipments from major Japanese manufacturers totaled 1.61 trillion yen in fiscal 2002**, down 9% on the year, the Japan Electronics and Information Technology Industries Association (JEITA) reported. The amount is the lowest since the start of the survey in fiscal 1996. The shipment volume declined 8% to 9.84 million machines, slipping below 10 million units for the first time in three years.

## *Media, Entertainment and Gaming*

- **Sky Perfect Communications aims to eliminate 123.8 billion yen in accumulated losses** by March 2008 by reducing its capital from 139.5 billion yen to 50 billion yen and tapping surplus capital. By cleaning up accumulated losses, the firm aims to improve its financial standing to pay out dividends on an ongoing basis.

## **Korea**

### *Mobile / Wireless*

- **Ministry of Information and Communication expected to allow handset subsidy** for select mobile phone models, but the revised rules will be equally applied-a move that might spark protests from minor players. Sources said mobile handset subsidies would be allowed for outdated models and next-generation products in order to help carriers dispose of mounting inventory and nurture new technologies.

### *Internet*

- **Overture Korea launches "pay-for-performance" service** in a bid to repeat the success of its parent firm Overture Services of the United States. Pay-for-performance, or P4P, hinges on the concept of a search engine whose results are ranked based on a bidding system by keyword. The highest bidder on a keyword, in other words, gets the No. 1 spot when a user searches for that keyword.
- **Daum Communications revenue for the first three months ended March 31 more than doubles**, helped by robust sales from online advertising. Daum first-quarter revenue reached 28.2 billion won, up 120 percent from 12.8 billion won in the year-earlier period. Its first-quarter operating profit stood at 8.4 billion won, up 375 percent from 1.78 billion won a year earlier.

### *Semiconductors*

- **European Commission proposes imposing 33% tax duties on Hynix memory chips.** The preliminary decision could affect millions of dollars in chip exports and deal another heavy blow to the world's third-largest memory-chip maker, which already is suffering from consecutive years of losses and heavy debt.

## **China**

### *Telecommunications*

- **China Telecom net profit rose 13.4 per cent to 16.9 billion yuan** (about US\$2.17 billion) last year. The company said sales increased 10.1 per cent to 75.5 billion yuan. Local fixed-line subscribers grew 17.3 per cent to 56.86 million last year, while broadband subscriber numbers were up 247.9 per cent at 1.38 million and bandwidth of managed data services achieved double-digit growth rates.

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## *Mobile / Wireless*

- **China Mobile first-quarter profit rose nearly 10%** as its margins improved. Net profit at the China Mobile in the three months ended March 31 rose 9.7% to 8.98 billion yuan (\$1.08 billion) from 8.18 billion yuan a year earlier. Revenue rose 10% to 37.65 billion yuan from 34.21 billion yuan. EBITDA rose 10% to 22.40 billion yuan from 20.28 billion yuan a year earlier.

## *Internet*

- **Sohu.com net profit soared by nearly 140 per cent in the first quarter of this year** from the same period last year as demand for uncensored mobile text messages surged. Beating market expectations, the Nasdaq-listed company recorded a net profit of US\$4.59 million for the first three months ending March. In the first quarter of last year, it suffered a US\$2.2 million net loss.

## *Information Technology*

- **Peking University-backed Founder Holdings net loss narrows by 28.5 per cent** last year to HK\$274.49 million, partly as a result of reductions to its workforce. Following the streamlining of its operations and a re-organization in 2001, Founder shed 552 workers last year, taking its headcount to 1,968 by the end of the year.

## **Taiwan**

### *Hardware*

- **AU Optronics planning a NT\$25 billion syndicated loan** in the second or third quarter of the year to help finance construction of new plants. The company expects to spend around NT\$100 billion, including slightly more than NT\$10 billion already spent, by 2005 on several new plants, including a next-generation thin-film transistor liquid crystal display factory.
- **Acer expects a 10 per cent to 20 per cent year-on-year drop in sales of its IT products** in China in the second quarter due to the spread of a deadly respiratory disease there. Acer has projected a NT\$125.8 billion (about US\$3.61 billion) in 2003 revenues to be generated by its global sales of information technology products, distribution business and electronics services.

## **Singapore / Malaysia**

### *Telecommunications*

- **SingTel to raise \$384.5 million through an IPO of 1.14 billion shares of Singapore Post.** The share sale, Asia's biggest IPO this year, will include 19.4 million shares reserved for company directors and employees, and a minimum public offer of 50 million shares. SingTel will launch the IPO Tuesday and has set a maximum offering price of S\$0.60 a share, higher than what market participants had expected.

### *Hardware*

- **Flextronics net income more than triples in its fiscal fourth quarter**, but sales slipped 7.2% amid weak demand. For the quarter ended March 31, the contract electronics manufacturer reported net of \$19.5 million, or four cents a share, compared with \$5.7 million, or one cent a share, a year earlier. Sales fell to \$3.06 billion from \$3.3 billion a year earlier.

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## Hong Kong

### *Mobile / Wireless*

- **Hutchison Whampoa signs deal with NTT DoCoMo to co-develop and promote 3G** mobile communications internationally. Under the agreement, the two companies will share information on handset development, radio-network architecture and the development of global 3G standards. DoCoMo's FOMA service in Japan was the world's first 3G network when it was launched in Oct. 2001.
- **KPN turns down request for £150 million in new funding** for the recently launched “3” British 3G service. KPN, Holland's largest telephone company, declined to contribute to Hutchison 3G UK's £1 billion cash call, a company in which it has a 15 per cent holding. The JV partners were forced to raise fresh capital due to an extension of loan agreements as a result of the delay in rolling out service.

### *Venture Capital / Investments*

- **Hang Seng Index falls to its lowest level since the 1998 financial crisis** as SARS continued to hurt blue-chip shares. The index fell to 8453 at 0211 GMT on Thursday, below the previous post-1998 low of 8466 set on April 1, when the crisis over SARS began to firm its grip on the Hong Kong economy. China-related stocks continued to underperform as the SARS crisis begins to loom more severely than expected in China.

## United States / Canada

### *Life Sciences*

- **Amgen reports 45% jump in first-quarter profit on revenue** that soared 75% and boosting its sales and profit estimates for the full year. The firm reported a 45% rise in net income to \$493.3 million, or 37 cents a share. For the year-earlier period, Amgen reported \$340.9 million in net income, or 32 cents a share.

### *Telecommunications*

- **Avaya posts net loss of \$16 million, or four cents a share, for the quarter ended March 31**, narrower than the year-earlier loss of \$63 million, or 63 cents a share. The communications systems and software provider said restructuring and other charges took their toll on profits and that sales to corporate customers remained soft. Revenue fell 15% to \$1.08 billion from \$1.28 billion a year ago.

### *Software*

- **Siebel Systems posts 93% plunge in first-quarter net income** on sharply lower software revenue. The software company reported net income of \$4.6 million, or one penny a share, compared with \$64.6 million, or 12 cents a share, a year earlier. Revenue slumped 30% to \$332.8 million from \$477.8 million, as software revenue tumbled 54% to \$112.1 million.
- **PeopleSoft predicts software revenue drop of at least 25% this year** and announced plans to cut 200 jobs. The software concern reported net income of \$38.5 million, or 12 cents a share, down 14% from \$44.5 million, or 14 cents a share, a year earlier. Revenue fell 4.8% to \$460.3 million from \$483.3 million. License revenue for the first quarter plunged 39% to \$80.8 million.



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- **ScanSoft to buy rival SpeechWorks International in a stock-swap transaction** valued at \$132 million. Paul Ricci, chairman and chief executive officer of ScanSoft, said in an interview that the two companies complement each other well. The deal calls for ScanSoft to issue about 32.6 million common shares to SpeechWorks shareholders.

## *Internet*

- **Overture Services profit skidded and the company ratcheted down expectations for 2003** in anticipation of softer demand for its paid-for-performance search listings. The Pasadena, Calif., company, which sells paid Web-search listings, posted a first-quarter profit of \$11.1 million, or 18 cents a share, compared with net income of \$29.3 million, or 48 cents a share, in the year earlier period.
- **Ask Jeeves swings to a profit in the first quarter**, helped by a one-time gain and strong paid-search listings. The Web-search company posted net income of \$7.7 million, or 16 cents a share, compared with a loss of \$10.4 million, or 26 cents a share, in the year-earlier period. The results in the recent quarter include a one-time gain of \$6.1 million from the acquisition of Ask Jeeves UK.
- **EarthLink first-quarter loss widens to \$65.7 million**, or 43 cents a share, from \$60.7 million, or 41 cents a share, due in part to a \$36.6 million charge for shutting down four customer-service centers. Revenue rose 6% to \$353.7 million, boosted by the addition of 112,000 new subscribers to the company's pricier high-speed service known as broadband.
- **Amazon.com narrows net loss in the first quarter on a 28% increase in revenue**, as discounts and free-shipping offers spurred more shopping among customers. Despite concerns about consumer spending among many retailers, Amazon raised its financial forecasts for the year, predicting 19% revenue growth. The Seattle Internet retailer's net loss was \$10.1 million, or three cents a share.
- **Monster.com draws fire for barring job-seekers from countries under U.S. sanction** and denying its services to residents of those countries. Under a policy that took effect Thursday, the Web site ([www.monster.com](http://www.monster.com)), which boasts 26 million resumes and 800,000 job postings, no longer advertises jobs located in Iran, Iraq, Syria, Cuba, Myanmar, Libya, North Korea and Sudan.
- **Shares of Overture Services plummeted Thursday** after the search-engine technology company stunned Wall Street by sharply lowering its outlook for the second quarter and remainder of the year. Overture's stock tumbled \$4.99, or 30%, to close at \$11.49 in 4 p.m. trading on the Nasdaq Stock Market.

## *Semiconductors*

- **Nvidia reaches agreement with SEC to resolve an investigation** into the company's accounting practices. The Santa Clara, Calif., graphics-chip maker would neither admit nor deny liability or wrongdoing, and wouldn't be required to pay any fines or penalties. The settlement is subject to review and approval by the SEC, which the company said may take several weeks or months.

## *Media, Entertainment and Gaming*

- **AOL Time Warner swings to a profit in the first quarter from a big loss last year**, helped by strong results from the company's film and cable-networks divisions and cost savings at the America Online division. The results were significantly better than the company's forecast delivered at the end of January, perhaps the best news for AOL's long-suffering shareholders in a year.



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- **EMI Group signs deals with 20 European digital-music distributors** to sell its music on the Internet, in what it termed the largest music-download initiative by a record company in Europe. About 140,000 music tracks will be made available for downloading through retailers such as HMV in Britain, Wanadoo in France and WOM in Germany.
- **AOL Time Warner book-publishing unit to fetch less than the \$400 million target price**, people familiar with the matter said. AOL's book group consists primarily of Warner Books, Little, Brown & Co. and a distribution arm. Merrill Lynch & Co. is running the auction. Final bids were due Thursday night. Bertelsmann AG's Random House, the most logical buyer, is under some financial strain.
- **Viacom reaches deal to buy AOL Time Warner Inc.'s 50% stake in Comedy Central** for \$1.23 billion, giving it full control of the cable network. Viacom said it expect the deal, which includes comedycentral.com, to close in the second quarter. Comedy Central will join MTV Networks' lineup of basic cable channels. The channel's president, Larry Divney will continue as president.

## Europe

### *Mobile / Wireless*

- **Nokia opens up lead over Microsoft and Palm** in the race to establish a software standard in Europe for advanced mobile phones. In the first quarter, Nokia shipped 631,000 advanced mobile phones running its own software into the Europe, Middle East and Africa, or EMEA, region, according to figures collated by canalys.com Ltd.
- **Sony Ericsson still hopes to post a profit for this year**, despite reporting a wide first-quarter loss amid a sharp drop in sales. Sony Ericsson lost 104 million euros (about US\$114.1 million) in the three months ending March 31, compared with a slight profit for the same period last year. Revenue fell 39 per cent to 806 million euros (about US\$885 million) from 1.1 billion euros a year ago.

### *Software*

- **Getronics to sell its Human Resource Solutions unit to a Dutch investment company** for €315 million (\$340.2 million). The sale price for unit, which creates human-resource management software and a leading payroll processor in the Netherlands, was much higher than market expectations and will allow Getronics a book a profit of €270 million.

### *Hardware*

- **Siemens second-quarter net profit falls 56%** amid continuing losses at its networks division and lower earnings at its power-generation and building-technologies businesses. The German industrial conglomerate reported net income of €568 million (\$623 million), or 64 cents a share, for the latest quarter, compared with €1.28 billion, or €1.44 a share, in the same period last year.
- **Logitech 2002 net profit grew 32% on strong sales and tight cost control**, but the firm may be facing slowing growth ahead. The Switzerland-based maker of computer mice said net profit for the full year ended March 31 rose to \$98.8 million from \$75.0 million the previous year. The bottom line -- the fifth consecutive record figure -- was above market expectations of \$97.1 million.

### *Semiconductors*

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- **STMicroelectronics first-quarter revenue falls 9.4% from the previous quarter.** The French-Italian chip maker forecast 11% growth for the industry in 2003, and said it expected to beat the sector average. ST has climbed from the 13th position in the industry world-wide in 1995 to the No. 4 producer last year, in part because of its strength outside the personal-computer market.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 4/25/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	120.2100	-0.4%	-8.7%	-1.2%	6.4%
Hong Kong dollar	HK\$/ US\$	7.7996	0.0%	0.0%	0.0%	0.0%
Chinese renmenbi	RMB/ US\$	8.2770	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7833	-0.9%	-3.5%	-2.7%	1.2%
South Korean won	KRW/ US\$	1237.8500	-2.7%	-5.8%	-4.2%	4.8%
New Taiwan dollar	NT\$/ US\$	34.9470	-0.5%	-0.1%	-0.9%	-0.5%
Australian dollar	US\$/A\$	0.6168	0.3%	21.0%	9.8%	13.4%
New Zealand dollar	US\$/NZ\$	0.5549	-0.3%	33.3%	5.8%	23.1%
Philippine peso	PHP/ US\$	53.0800	-1.5%	2.8%	1.0%	-4.1%
Euro	US\$/€	1.1040	1.5%	24.1%	5.2%	22.4%
British pound	US\$/£	1.5915	1.3%	9.5%	-1.1%	9.1%

## Fixed Income Prices and Yields

Note	Currency	Current (on 4/25/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	108.5313	4.82%	107.2969	4.89%	106.7656	4.93%
Japan 30-year	¥	127.8405	0.94%	127.8455	0.94%	121.5720	1.18%
Hong Kong 10-year	HK\$	122.0066	3.72%	121.6147	3.79%	121.4608	3.84%
China (10/2027)	US\$	107.8333	6.84%	107.8330	6.84%	107.8330	6.84%
Singapore 10-year	S\$	117.9990	1.92%	118.6938	1.84%	117.3508	2.04%
South Korea 10-year	US\$	121.9053	3.96%	121.5452	4.05%	119.5640	4.49%
Australia 15-year	A\$	109.2970	5.29%	108.4260	5.40%	108.0470	5.45%
New Zealand (07/2009)	NZ\$	106.7368	5.69%	106.2329	5.79%	105.3796	5.96%
Philippines 20-year	PHP	132.6791	13.57%	131.9731	13.65%	131.7738	13.67%
India 20-year	INR	145.1846	6.32%	145.3510	6.31%	139.7626	6.74%
UK 30-year	£	94.2140	4.61%	93.9138	4.63%	93.9580	4.63%
Germany 30-year	€	109.5540	4.86%	109.4746	4.87%	108.1680	4.95%

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