

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



Week of 12 October - 18 October 2003

Table of Contents

Equity Market Indicators	2
Technology, Media, Telecommunications and Life Sciences Market Activity	3
Weekly Highlights	4
International	4
Japan	4
Korea	5
China	6
Hong Kong	6
United States / Canada	6
Europe	9
Other Economic Data	10
Currency Exchange Rates	10
Fixed Income Prices and Yields	10

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, f/k/a iReality Group Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document. For more information on IRG call (852) 2237 6000 or visit www.irg.biz.

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



Week of 12 October - 18 October 2003

Equity Market Indicators					
Index	Closing Level (10/17/03)	% Change 1 Week Ago	% Change 1/1/2003	% Change 1/1/2002	% Change 2002 Low
S&P 500	1,039.32	0.1%	18.1%	-10.0%	35.2%
Dow Jones Industrial Avg.	9,721.79	0.5%	16.5%	-3.5%	34.4%
Dow Jones Tech. Index	336.25	0.3%	46.4%	-0.3%	85.4%
Dow Jones Telecom. Index	166.21	-0.5%	12.4%	-20.3%	42.5%
NASDAQ Composite	1,912.36	-0.2%	43.2%	-3.4%	75.0%
The Street.com Net	145.27	-0.6%	69.6%	-25.8%	137.3%
Japan Nikkei 225	11,037.89	4.8%	28.7%	1.5%	32.8%
Japan TOPIX	1,094.59	3.5%	29.8%	3.9%	33.7%
Korea KOSPI Composite	767.75	1.3%	22.3%	5.9%	33.0%
Korea Kosdaq	47.55	1.2%	7.2%	-36.1%	10.3%
Taiwan Stock Exchange	6,042.71	2.9%	35.7%	7.9%	56.8%
Singapore Straits Times	1,772.18	1.5%	32.1%	9.0%	31.8%
Hong Kong Hang Seng	12,044.49	0.9%	29.2%	6.1%	35.8%
Hong Kong GEM	1,228.74	-0.1%	29.3%	-35.4%	35.9%
China Shanghai (A-Share)	1,435.15	-2.4%	1.1%	-14.4%	3.7%
China Shenzhen (A-Share)	393.04	-2.4%	-4.1%	-19.8%	0.3%
China Shanghai (B-Share)	103.13	-2.7%	-9.1%	-39.0%	-8.2%
China Shenzhen (B-Share)	249.48	-2.0%	33.4%	-4.6%	33.8%

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



Week of 12 October - 18 October 2003

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
10/15/03	GTX Inc. [NASDAQ]	Biotechnology	US\$86.3	Discovers, develops, and commercializes therapeutics primarily related to the treatment of serious men's health conditions. The company is currently developing products for prostate cancer.	Goldman Sachs	Lazard & SG Cowen

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

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 10/17/03	% 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 10/17/03	% Change From Offer
10/16/03	Nari Technology [600406.CH] (Shanghai)	Develops, manufactures and sells automation products for electricity distribution, converting stations, coal fired power plants and industry process.	US\$50.2	RMB10.4	RMB16.2	56.0%
10/15/03	EDMI Limited [EDMI.SP] (SGX)	Designs, manufactures, and sells electronic revenue meter for use by utility companies. The company also provides services and after sales support.	US\$8.9	S\$0.26	S\$0.39	50.0%
10/14/03	Picaso Info. Communications [069110.KS] (KOSDAQ)	Specializes in producing digital video recorders (DVRs).	US\$2.8	KRW 3,800	KRW 6,290	65.5%

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



Week of 12 October - 18 October 2003

Weekly Highlights

International

Hardware

- **Global personal computer sales jumped 15.7% in the third quarter to 38.4 million units, trouncing expectations as U.S. and European consumers snapped up bargains, especially in notebook PCs, according to International Data Corp.** IDC had projected 10.4% global growth, and analysts were surprised by a 16.1% surge in U.S. sales and a 17.5 % rise in European sales. Sales in Japan rose about 10 %.

Telecommunication

- **FLAG Telecom Group Limited, a leading provider of international wholesale network transport and communications services, announced that it has entered into an Agreement and Plan of Amalgamation with Reliance Gateway Net Private Limited,** a wholly owned subsidiary of Reliance Infocomm Limited, pursuant to which Reliance Gateway will acquire 100% of the company's common shares on a fully diluted basis for an aggregate purchase price of US\$207 million, reflecting a per share price of US\$95.61. It represents a premium of more than 50% over yesterday's closing price of FLAG's shares. The board of directors of both FLAG Telecom and Reliance Gateway has unanimously approved the agreement.

Japan

Hardware

- **Japan's Renesas Technology hopes to double sales in the mainland market to US\$1 billion within two years,** helped by demand for its mobile phone and consumer electronics chips. The world's No. 3 semiconductor manufacturer, a chip-making joint venture between Hitachi and Mitsubishi Electric, expects as much as US\$500 million in sales to Chinese electronics firms this year.

Media, Entertainment and Gaming

- **Sega Corp. lifted its earnings outlook because of better-than-expected results at its amusement-equipment and consumer-software businesses.** The company sharply raised its expectations for group net profit during the first half ended Sept. 30th to ¥5.7 billion (US\$52.1 million) from ¥200 million (US\$1.8 million). In the year-earlier period it posted net profit of ¥1.0 billion (US\$9.1 million).
- **Japan Broadcasting Corp. (NHK) and the Telecommunications Satellite Corporation of Japan have developed a device that enables mobile television terminals to upgrade their built-in software so they can automatically correct distorted images.** The upgraded software will be transmitted via broadcast waves or local area network and cell phone waves into the microchips of car TVs and TV-attached cell phones. Commercialization of the device is targeted as early as 2005, now that the device has been reduced in size enough to be incorporated into mobile equipment.

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



Week of 12 October - 18 October 2003

- **Konami Corp., aiming to increase its global market share, will strengthen its content planning and production by expanding its operations to Los Angeles.** The video game maker reported that Los Angeles will become the base for Konami's global computer & video games business. Konami Digital Entertainment will focus on the areas of global product brand growth strategies, business development and licensing activities.

Mobile / Wireless

- **NTT DoCoMo Inc. is working on a future mobile phone device that uses human fingers as part of its terminal.** The wristwatch-type Finger Whisper, being developed by the company's Multimedia Laboratories, is one of several ambitious R&D activities that Japan's top mobile phone service operator is pushing in its quest to develop ultimate wireless technologies in the era of ubiquitous information society. The Finger Whisper user will put his forefinger into his ear. Part of the terminal's belt works as a vibration converter, transmitting voice sound received to the user's ear through his hand and finger bones. A microphone fit into the belt picks up the user's voice. The phone call can be ended by quickly touching the forefinger and thumb together.

Telecommunications

- **NTT DoCoMo Inc. is looking for partners to launch its i-mode mobile-phone service in the United Kingdom,** the first public signs of a split between NTT DoCoMo and Hutchison 3G U.K., the mobile operator in which it holds a 20% stake. Hutchinson 3G U.K. still intends to use i-mode in the U.K. and is in discussions with NTT over the business model and technology.

Korea

Hardware

- **Samsung Electronics Co. third-quarter net income rose nearly 7%, boosted by a surge in sales of mobile phones and increasing demand for its semiconductors.** The company which also makes consumer electronics such as flat-panel displays, plasma television sets and home-networking devices, reported net profits for the quarter totaling 1.8 trillion won (US\$1.6 billion), up from 1.7 trillion won (US\$1.5 billion) a year earlier. Sales jumped 15% to 11.3 trillion won (US\$9.6 billion) from 9.8 trillion won (US\$8.4 billion).

Internet

- **Carlyle Group is in a bitter battle for control of South Korea's second-largest broadband company, joining in a US\$634 million offer to acquire a controlling stake in Hanaro Telecom Inc..** The bid by the Washington-based firm comes days before Hanaro shareholders are scheduled to vote on a takeover bid proposed by a consortium led by American International Group of the U.S.. Carlyle Group has teamed with South Korea's LG Corp. in a bid to acquire a 51% stake in the high-speed Internet service provider. Under the terms of the proposed plan, the two firms would invest a total of US\$634 million in cash and supply US\$700 million in long-term debt financing for cash-strapped Hanaro.

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



Week of 12 October - 18 October 2003

China

Information Technology

- **The US\$2 billion China was reported to be spend annually on its space program is expected to benefit the country in developing new technology.** The biggest advances are expected to come in the field of electronics, along with new types of computer software and hardware. Gains will also come in satellite technology, particularly for use by China's military.

Mobile / Wireless

- **China Unicom, with a reputation for billing problems and poor network coverage and aggressive competition by low-cost rival, is struggling to sell phones for its CDMA network in Guangdong.** As a wealthy province, Guangdong is central to the company's plan of breaking even in providing the services nationwide by the end of this year. Unicom's other CDMA networks in Liaoning, Shandong, Zhejiang and Jiangsu provinces, and in Shanghai and Beijing, all have already broken even.
- **Shenzhen Zhongxing Telecom, one of China's top telecommunications handset makers, is in talks for a new round of handset sales to China Unicom.** ZTE's target of selling Unicom 500,000 handsets in the first half of next year matches its entire sales to the carrier this year, reflecting Unicom's accelerated direct purchasing of handsets in China's fiercely competitive mobile-phone market.

Hong Kong

Hardware

- **Motorola Inc. is to produce television sets by hiring a Hong Kong company to build video products under its name.** Motorola formed an alliance with Proview International Holdings Inc., a Hong Kong manufacturer of computer monitors, to produce flat-panel screens, televisions and other products under the Motorola brand. Proview annually makes about six million computer monitors, a third of which are flat-screen types, giving it about a 5% share of the world market. About half of its monitors are sold under its own name, chiefly via mass merchandisers in the U.S. and Europe. The rest are sold to other manufacturers who distribute them under their own brand.

United States / Canada

Hardware

- **IBM's earnings grew 5% in the third quarter but sales came in a bit lower than expected.** IBM's net income rose to US\$1.8 billion in the quarter from US\$1.7 billion a year earlier. Sales rose 9% to US\$21.5 billion, below Wall Street's consensus estimate of US\$21.9 billion.

Internet

- **eBay Inc.'s financial results exceeded company forecasts as its huge online marketplace continued to churn out profits.** The company reported third-quarter net income of US\$103.3 million up 69% from US\$61 million a year earlier. Revenue catapulted 84% to US\$530.9 million from US\$288.8 million a year earlier, better than the US\$515 million in revenue it previously had projected.

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



Week of 12 October - 18 October 2003

- **Microsoft Corp. inked a new deal with Yahoo Inc.'s Overture Services unit that will include paid advertiser links in results returned to U.S. and U.K. users of MSN Search through June 2005.** The deal revolves around a rapidly growing form of online advertising that displays relevant ads alongside and interspersed with regular search results. Revenue generated from the ads is then split between the listing provider and the web site on which the ads appeared.
- **VeriSign Inc. will sell most of its Network Solutions unit to Pivotal Private Equity for US\$100 million in cash and notes to focus on its Internet and telecommunications services businesses.** VeriSign will get US\$60 million in cash and a US\$40 million subordinated note and retain a 15 % stake in Network Solutions.
- **DoubleClick Inc. swung to a profit in the third quarter from a year ago, as operating expenses fell by more than half.** The provider of Internet advertising technology also projected fourth-quarter earnings and revenue below Wall Street estimates. DoubleClick earned US\$6.3 million in the latest third quarter compared with a loss of US\$62 million a year ago. Revenue came in at US\$74.8 million, up slightly from US\$74.6 million a year ago.

Media, Entertainment and Gaming

- **Apple Computer Inc. launched a version of its iTunes Music Store for Microsoft Corp. Windows users,** buttressing the online music offering with a marketing promotion with PepsiCo Inc., an alliance with Time Warner Inc.'s America Online Inc. and enhancements to Apple's iPod digital music player. The computer maker's iTunes Music Store offers a legal alternative to file-sharing services such as Kazaa and Morpheus, and the Windows version is designed to sharply broaden its potential audience.

Mobile / Wireless

- **The Federal Communications Commission approved rules to promote a new wireless technology backed by Microsoft Corp. and Cisco Systems Inc. that can handle large amounts of information at high speed.** Regulators also said progress was being made toward agreement on new rules to make online trading of pirated movies more difficult. The new wireless technology, considered the wireless equivalent of fiber-optic cables, will fill gaps in current fiber-optic networks in rural areas and inner cities where the cost of digging to lay cables inhibits growth. Companies also could use the technology to compete against traditional offerings of high-speed Internet service through cable modems and over phone lines.
- **Handheld computer maker Handspring Inc. reported that a key investor group has backed Palm Inc.'s planned acquisition of Handspring, which is expected to close later this month.** Handspring will hold a special stockholders' meeting on Oct. 28th for a vote on the merger. Following the completion of the deal, Palm Solutions and PalmSource, Palm's software unit, would become separate public companies.

Semiconductors

- **Intel Corp. reported third-quarter earnings jumped 142% from a year ago, soundly beating Wall Street's earnings estimates on sales that were stronger than expected.** The company earned US\$1.7 billion as compared to net income of US\$686 million a year ago. Intel, which raised sales guidance in August, reported revenue came in at US\$7.8 billion, ahead of the US\$7.7 billion average forecast and 20% higher than US\$6.5 billion a year earlier.

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



Week of 12 October - 18 October 2003

Software

- **Sun Microsystems Inc., still struggling to cope with slow technology spending and fierce competition, posted a wider fiscal first-quarter loss and lower revenue than a year earlier.** For the three months ended Sept. 28th, the company posted a net loss of US\$286 million compared with a net loss of US\$111 million a year earlier. Sun has posted losses in eight of the past 10 quarters. Revenue was US\$2.5 billion for the quarter, down 7.7% from the US\$2.8 billion in sales that it had generated a year earlier. It was the 10th consecutive quarter in which Sun reported lower year-over-year revenue.
- **Electronic Data Systems Corp. is considering an initial public offering or selling a minority stake in a product planning software subsidiary to focus on its main business.** The technology services company expects to complete any actions involving its Product Lifecycle Management Solutions (PLM) subsidiary in the first half of next year. PLM Solutions generated US\$879 million in revenue and US\$138 million in operating profit last year.
- **Microsoft Corp. warned consumers about four new flaws in its popular Windows software** as the company shifted to monthly alerts for serious problems that could let hackers break into computers. In particularly embarrassing disclosures, Microsoft acknowledged problems in its technology to authenticate software publishers over the web and in its Windows help and support system.

Telecommunications

- **Qwest Communications International Inc. disclosed its long-awaited restated results for 2000 through 2002 in a filing with the Securities and Exchange Commission.** The restatement widens its net loss across the two-year period of 2000 and 2001 by US\$2.5 billion and lowers its reported revenue by US\$2.5 billion. Qwest reported net losses of US\$1.0 billion for 2000, and US\$5.6 billion for 2001. It had a 2002 loss of US\$38.5 billion on revenue of US\$15.4 billion. This marks the first time the company has released audited figures for 2002.
- **Microsoft Corp. called on telecom companies to tap new revenue streams with its products as the company stepped up efforts to muscle into a market worth more than US\$260 billion.** Microsoft believes that software is vital to the future of the telecommunications industry as it emerges from one of its most precipitous downturns ever.
- **Nextel Communications Inc. reported strong revenue growth and raised its profit forecast for 2003 but reported a 9% drop in third-quarter net income,** reflecting debt-retirement costs. The company reported net income of US\$348 million down from US\$383 million. Revenue grew 27% in the quarter to US\$2.9 billion from US\$2.3 billion a year earlier. The carrier added 646,000 net subscribers in the period, bringing its total subscriber base to 12.3 million, 22% higher than a year ago.

Venture Capital / Investments

- **Venture-capital firm Crystal Ventures LLP has begun approaching potential investors for its new fund, seeking as much as US\$150 million to invest in Asian and U.S. technology companies,** particularly those that can draw on the growing economic ties between the regions. Between 60% and 70% of the fund would likely be raised from Asian investors- targeting investors in Hong Kong, Taiwan, Singapore and China and the remaining investors will be American. The minimum target for fund raising is US\$80 million, and though the fund will take as much as US\$150 million.

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



Week of 12 October - 18 October 2003

Europe

Hardware

- **Philips Electronics NV swung to a net profit in the third quarter, boosted by results from companies in which it owns stakes**, though sales fell 4.4% and losses at its key semiconductor division widened. Philips reported net profit of €124 million (US\$145 million) compared with a loss of €330 million (US\$382.8 million) for the year-earlier period. Sales declined to €7 billion (US\$8.1 billion) from €7.3 billion (US\$8.5 billion), hurt by the weaker U.S. dollar and the impact of divestments in 2002.

Mobile / Wireless

- **Nokia Corp. reported lackluster results despite booming unit sales of its handsets, because of the dollar's weakness and the company's growing reliance on emerging markets**, where cell phones sell cheaply. The company reported net income of €823 million (US\$958.5 million) for the third quarter, up 35% from a year earlier when the company's profit was curbed by a €306 million (US\$356.4 million) charge related to bad debt. Stripping out that charge and other items the company considers exceptional, Nokia's profit would have slipped 2%.
- **In a bid to save money and ensure that its latest wireless offering hit the market on time, Siemens contracted out the platform that operates the device to Motorola.** While the approach saves millions in development costs, the licensing fees eat into Siemens's profit margins. In recent years, important cell phone innovations -- from integrated cameras to color displays and lighter batteries -- have been driven by Asian manufacturers. Asia's edge in consumer electronics has enabled handset makers such as South Korea's Samsung Electronics Co. to grab market share from European stalwarts such as Siemens and Ericsson.

Software

- **SAP AG reported a 25% rise in third-quarter profit and raised its outlook, spurring talk of a recovery in U.S. software spending.** SAP's net income rose to €252 million (US\$294.8 million) from €202 million (US\$236.3 million). The company had already taken the surprise out of its quarterly results by announcing Oct. 9th it would post revenue of €1.7 billion (US\$1.9 billion), which is down 3.1% from €1.7 billion (US\$2.0 billion) a year earlier

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



Week of 12 October - 18 October 2003

Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/17/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	109.3750	-0.7%	-16.9%	8.6%	14.2%
Hong Kong dollar	HK\$/ US\$	7.7465	-0.2%	-0.7%	0.7%	0.7%
Chinese renmenbi	RMB/ US\$	8.2766	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7376	-0.9%	-5.9%	-0.2%	2.7%
South Korean won	KRW/ US\$	1172.2500	-2.3%	-10.8%	1.1%	6.1%
New Taiwan dollar	NT\$/ US\$	33.9200	-0.8%	-3.1%	2.1%	2.9%
Australian dollar	US\$/A\$	0.6926	0.1%	35.9%	23.3%	24.9%
New Zealand dollar	US\$/NZ\$	0.5969	-0.5%	43.4%	13.8%	23.3%
Philippine peso	PHP/ US\$	54.6400	0.2%	5.8%	-1.9%	-2.6%
Euro	US\$/€	1.1680	-1.0%	31.3%	11.3%	20.0%
British pound	US\$/£	1.6786	0.9%	15.5%	4.3%	8.8%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/17/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.8125	5.25%	102.3125	5.22%	104.5000	5.07%
Japan 30-year	¥	102.4080	2.06%	105.3165	1.91%	104.3220	1.96%
Hong Kong 10-year	HK\$	120.4931	3.74%	121.3784	3.60%	121.7196	3.58%
China (10/2027)	US\$	142.0735	4.59%	142.9131	4.55%	145.0213	4.44%
Singapore 10-year	S\$	107.8510	3.30%	108.3936	3.23%	109.4363	3.07%
South Korea 10-year	US\$	120.4299	3.86%	121.4231	3.67%	121.3925	3.73%
Australia 15-year	A\$	105.2285	5.78%	106.4240	5.62%	107.2260	5.52%
New Zealand (07/2009)	NZ\$	104.7540	6.00%	105.4023	5.88%	106.0025	5.77%
Philippines 20-year	PHP	150.8937	11.75%	150.1009	11.82%	149.4601	11.88%
India 20-year	INR	158.2294	5.35%	156.4864	5.47%	152.0539	5.78%
UK 30-year	£	91.4170	4.80%	92.0711	4.76%	93.0287	4.69%
Germany 30-year	€	107.6070	4.98%	108.3645	4.93%	108.9731	4.90%

This document is provided for information purposes only, and constitutes neither investment advice nor the recommendation to purchase or sell securities of the companies named in this document. IRG Limited, and its affiliated companies, make no representation as to the accuracy or completeness of the information contained in this document.