

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



Week of 14 March - 20 March 2004

Table of Contents

Equity Market Indicators	2
Technology, Media, Telecommunications and Life Sciences Market Activity	3
Weekly Highlights	5
International	5
Japan	5
Korea	6
China	8
Hong Kong	9
United States / Canada	9
Europe	12
Other Economic Data	13
Currency Exchange Rates	13
Fixed Income Prices and Yields	13

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



Week of 14 March - 20 March 2004

Equity Market Indicators					
Index	Closing Level (3/19/04)	% Change 1 Week Ago	% Change 1/1/2004	% Change 1/1/2003	% Change 2003 Low
S&P 500	1,109.78	-1.0%	-0.2%	22.1%	40.2%
Dow Jones Industrial Avg.	10,186.60	-0.5%	-2.6%	18.3%	36.8%
Dow Jones Tech. Index	340.78	-0.3%	-2.0%	48.4%	58.4%
Dow Jones Telecom. Index	187.97	1.3%	1.3%	27.1%	48.3%
NASDAQ Composite	1,940.47	-2.2%	-3.1%	40.1%	54.3%
The Street.com Net	155.05	-0.2%	1.3%	73.0%	85.2%
Japan Nikkei 225	11,319.15	0.0%	6.0%	29.9%	50.1%
Japan TOPIX	1,133.39	0.8%	8.6%	31.8%	47.7%
Korea KOSPI Composite	872.84	2.4%	7.7%	37.4%	71.4%
Korea Kosdaq	433.57	2.0%	-3.4%	-7.0%	25.9%
Taiwan Stock Exchange	6,361.56	-4.1%	8.0%	40.6%	64.6%
Singapore Straits Times	1,830.86	-0.4%	3.8%	37.0%	51.5%
Hong Kong Hang Seng	12,589.58	-2.6%	0.1%	34.4%	52.1%
Hong Kong GEM	1,259.45	-0.5%	6.2%	32.1%	39.3%
China Shanghai (A-Share)	1,835.76	0.8%	17.0%	33.0%	33.1%
China Shenzhen (A-Share)	474.57	0.7%	20.6%	18.3%	30.1%
China Shanghai (B-Share)	118.50	-0.3%	12.9%	5.6%	21.7%
China Shenzhen (B-Share)	296.86	0.5%	9.1%	60.6%	60.7%

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



Week of 14 March - 20 March 2004

Technology, Media, Telecommunications and Life Sciences Market Activity

Asian Markets: TMT and Life Sciences Convertibles

Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
3/14/04	Aurora Industries Inc. [8074.TT]	Manufactures and markets insulating laminate products for PCBs (printed circuit boards) and other electronics.	3/14/09	US\$4.5	3,957 Shares	3/4/09
3/15/04	Promate Electronics Co. [6189.TT]	Distributes electronics components and its products include LCDs, linear integrated circuits (ICs), application specific ICs, micro controllers ICs and memory chips.	3/15/09	US\$15.1	1,610 Shares	3/5/09

NASDAQ/NYSE TMT and Life Sciences IPO Filings

File Date	Issuer	Industry Sector	Size (\$MM)	Description	Book-Runner	Co-Manager
3/17/04	Viasystems Group Inc. [VSGP.US]	Electronics	US\$316.3	Provides electronics manufacturing services to customers located worldwide. Provides design, production, and assembly of electronic devices to test and after sales support.	Goldman Sachs & Co.	JP Morgan & Lehman Brothers
3/15/04	Intelsat [2237Z.US]	Telecom	US\$500	Owns and operates a global communication satellite system.	Merrill Lynch & Morgan Stanley	Citigroup & Lehman Brothers
3/15/04	Phase Forward Inc. [27074Z.US]	Internet	US\$86.3	Electronic process solutions for accelerating global pharmaceutical development.	Thomas Weisel Partners	Piper Jaffery & Co.

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

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 3/19/04	% Change From Offer
N/A						

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



Week of 14 March - 20 March 2004

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 3/19/04	% Change From Offer
3/19/04	Service and Quality Technology [3219.TT] (GRETAI)	Designs controller integrated circuits for digital still cameras and scanners.	US\$4.0	NT\$66	NT\$75	13.6%
3/19/04	Tokyo Nissan Computer System [3316.JP] (JASDAQ)	Provides systems solutions for businesses, system monitoring services, and sells computer hardware.	US\$3.7	¥200,000	¥584,000	192%
3/18/04	Semiconductor Manufacturing [981.HK] (HKSE)	Manufactures, trades, packages, tests, and provides computer aided design integrated circuits.	US\$1796.4	HK\$2.7	HK\$2.13	-22%
3/18/04	SNF Corp. [SNF.SP] (Singapore)	Manufactures, design, trades, and deals electronic appliance, system, equipment, and components.	US\$4.3	SG\$0.32	SG\$0.41	26.6%
3/17/04	AME Inc. [3188.TT] (GRETAI)	Designs, develops, and markets analog & mixed signal (AMS) power management integrated circuits.	US\$5	NT\$68	NT\$72.5	6.6%
3/16/04	Alpha Trend Corp. [4352.JP] (Sapporo)	Designs and develops e-commerce websites. Company also provides maintenance service and accounting consulting services.	US\$1.7	¥65,000	¥119,000	83.1%
3/16/04	Connect Technologies [3736.JP] (TSE)	Develops Internet application software and provides server setup and system management services for cellular phone content providers. The company specializes in Java application development.	US\$24.7	¥1,100,000	¥2,160,000	96.4%

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



Week of 14 March - 20 March 2004

Weekly Highlights

International

Hardware

- **LG Philips LCD Inc. raised the stakes in its battle with Samsung Electronics Co. to lead world-wide flat-screen production, announcing a factory complex that will cost US\$21.6 billion** over the next 10 years. LG Electronics Inc. and Philips Electronics will account for most of that spending but several of its components producers and related companies also will be part of the complex in north of Seoul. Rival Samsung last year reported it would spend about US\$17 billion over seven years on factories for liquid-crystal display, or LCD, screens that are used for computer monitors, cell phones and TV sets. The actual amount each company winds up spending is certain to change as technology and market conditions evolve. At the end of 2003, LG Philips held 23% of the market for LCD screens above 10 inches. Samsung was next with 22% but might nose ahead this spring.

Mobile / Wireless

- **NEC and Matsushita planned to double their mobile phone shipments to China**, the world's largest cell phone market, on the back of surging demand. NEC would raise China-bound shipments to between two and three million units in the upcoming financial year starting in April 2004 from one million in the current fiscal year. The company would also introduce several new high-end models, including a super-thin cell phone equipped with a camera.

Japan

Hardware

- **NEC Corp. will reorganize its management structure from April 1 to better respond to customer needs and to enhance its networking solutions business.** The major electronics maker will reorganize its current nine "business lines" into 11 "business units". Among them will be new business units for broadband solutions, systems services and network platform operations. In addition, NEC plans to strengthen companywide marketing systems and collaboration between the business units to explore new growth opportunities.

Media, Entertainment and Gaming

- **Nintendo Co. will effectively cut the prices of two video game consoles -- GameCube and Game Boy Advance SP** -- by leaving their price tags unchanged when tax-inclusive pricing starts on April 1. Looking to attract demand from schoolchildren now on spring break, Nintendo will implement the effective price cuts from March 22. The GameCube home-use console is currently priced at ¥14,000 (US\$) before tax and the Game Boy Advance SP portable machine sells for ¥12,500 (US\$). The prices will remain unchanged after the 5% consumption tax is included, effectively lowering the sales price of GameCube by ¥700 (US\$). Nintendo lowered the domestic price of the GameCube console to ¥14,000 (US\$) from ¥19,800 (US\$) last October, meaning that the latest decision will be the unit's second price cut in one year.

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



Week of 14 March - 20 March 2004

- **Two major Japanese video game developers have separately teamed up with U.S. firms to accelerate their development of game software for such devices as personal computers and cellular phones.** Namco Ltd. has agreed with Flagship Studios Inc. to cooperate in the development of PC online games. They hope to release their first joint PC online title within two to three years and sell 3 million copies of the software worldwide. Namco hopes to obtain know-how in PC game software development through the tie-up with the major U.S. game developer. In the future, it wants to develop PC games on its own and expand overseas markets. PC games are not only popular in the U.S. and Europe, but are also becoming mainstream in China, South Korea and other countries where consoles have not made much inroads. Square Enix Co. announced that it will purchase UIEvolution Inc. (UIE), a U.S. venture that develops software that enables programs to run on multiple operating systems. Square Enix hopes to utilize UIE's technology and strengthen development of game software for cell phones. In the future, it hopes to expand the scope of its game software development to include programs for a wide array of digital devices.

Mobile / Wireless

- **A group of public- and private-sector partners, including the government's Communications Research Laboratory, has developed technology compatible with the UWB standards for next-generation, ultra-high-speed wireless communications** among TVs, DVD players, personal computers and other electronic devices. In a recent experiment, the new technology achieved the world's fastest data throughput of 320 megabits per second, more than three times the speed of fiber-optic communications. This means it can enable instant transmission of crystal-clear images among various kinds of electronic equipment. The wireless technology, which the partners aim to commercialize as early as 2005, is expected to greatly improve the convenience of communications equipment as it will eliminate the need for cables. The UWB, one of the next-generation wireless LAN (local area network) standards, is expected to play a core role in the so-called ubiquitous society, where one can have access to online data anytime and anywhere.

Semiconductors

- **Fujitsu Ltd. will build an advanced semiconductor plant in Japan**, a move that will help it stay in the race with other global manufacturers of new high-powered chips. The plant, to be built in Mie will use 300-millimeter wafers to produce chips with circuit widths of 90 and 65 nanometers. Fujitsu plans to invest about ¥160 billion (US\$1.5 billion) in the new plant, including an initial outlay of ¥75 billion (US\$701.1 million) for the first stage of construction. The plant will begin production in April 2005 and Fujitsu expects to start major shipments in September 2005. The company expects demand for chips with a circuit width of 90 nanometers to intensify by that time. When the new plant is fully operational, it will have a maximum production capacity of 13,000 wafers a month.

Korea

Hardware

- **The Korean personal computer market expects 6.1 percent growth this year and to emerge from a period of slumping sales.** In its latest "Korean PC Market Outlook Report," the Korean arm of IDC predicts sales will total 3.4 million units this year backed by economic recovery. The domestic PC market had seen steadily declining sales since the fourth quarter of 2002 until the third quarter of last year due to the slow economy. The report says that increased demand for desktop computers will stop

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



Week of 14 March - 20 March 2004

at 3 percent with 2.7 million units due to market saturation. The notebook market, however, will enjoy an 18 percent increase totaling 710,000 units, as desktop users switch to notebooks.

Information Technology

- **Information and Communication Minister Chin Dae-je confirmed support for the introduction of satellite-based mobile broadcasting services**, promising the removal of a ban on wireless carriers beaming television programs. The mobile broadcasting service is scheduled to begin in July but Chin indicated that it may be delayed. The ministry will give time for wireless service providers KTF and LG Telecom to develop handsets to receive satellite data.

Internet

- **Daum Communications will work with local authorities to transfer their Seoul headquarters to Jeju Island.** In a meeting held at the Jeju Island provincial government office, Daum Chief Executive Lee Jae-woong signed a preliminary agreement with Jeju Governor Woo Geun-min to move its headquarters to the southern resort island. Under the agreement, the provincial government will provide administrative support and financial incentives to smoothen the transfer. Daum will support the development of the island's Internet industry through joint industry-academic networks and give area residents preference in the company's future employment. Starting next month, Daum will send inspection teams to the island to select possible future locations.

Media, Entertainment and Gaming

- **The launch of the first broadcast satellite for handheld devices last weekend was the opening shot in a new round of competition in the congested local telecom market.** The satellite, owned by SK Telecom, Korea's largest wireless carrier, and its Japanese partner Mobile Broadcasting Corp., went into orbit a week ago. Once in operation, the 366 billion won (US\$310 million) satellite will be able to beam television and radio programs to wireless devices, including cellular phones and handheld computers, as well as terminals in cars. The service - digital multimedia broadcasting, or DMB - could start as early as July, with the satellite providing 11 video and 25 audio channels across the nation.

Mobile / Wireless

- **Just months after raising the picture resolution of camera phones, Korean manufacturers are close to unveiling further improvement.** Samsung Electronics Co. and local rival Pantech & Curitel, have nearly completed the development of 2-megapixel camera phones, and plan for market release before July. Last December, the two companies were the first to release cellular phones with 1-megapixel resolution, leaping ahead of the less than 0.5-megapixel models.
- **Wireless service provider KTF Co. will collaborate with local cellular phone manufacturers to develop technologies related to wideband CDMA, or W-CDMA, in an attempt to save its struggling third-generation mobile platform** from further commercial failure. KTF will launch a technical development team with 16 other companies in the wireless industry, including the two major handset makers - Samsung Electronics Co. and LG Electronics Inc. The team is expected to focus on building a stronger core network for W-CDMA operations, thus providing flexibility in both circuit and packet switching, and enhancing coverage and receiver technologies. KTF officials hope that possible technology advancements will provide a breakthrough for the company's W-CDMA services, which have been largely ignored by the public due to the expensive handsets and lack of related content.

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



Week of 14 March - 20 March 2004

China

Hardware

- **International Finance Corp (IFC), the private-sector investment arm of the World Bank, has announced plans to step up investment in the mainland electronics industry.** The group was reportedly searching for investments in the semiconductor foundry, chip testing and packaging, flat-panel display and other electronics industries. IFC has invested US\$1.5 billion in 65 projects in China, ranging from Wumart Stores to Minsheng Bank. But the group has just two technology investments on the mainland: chip foundry CSMC Technologies and banking software developer Great Infotech. The group poured US\$200 million into the mainland last year and aimed at doubling this within two years.

Internet

- **China shut down a popular website that hosted blogs, stepping up government attempts to control political discussion** on the Internet. A note on the site, blogbus.com, said it was closed due to content problems. China has enthusiastically promoted use of the Internet for commercial applications, but battles to prevent it becoming a forum for criticism of the Communist Party. A special team of police monitors websites and chat rooms for sensitive content, and sites are told to censor themselves or face penalties. In addition, at least 54 people have been jailed for posting essays or other content deemed subversive online. Rights groups say the arrests point to a worrying new abuse of the country's loosely defined subversion and state secrecy laws.
- **NetEase reported that US Securities and Exchange Commission staff had recommended the SEC bring a civil lawsuit** seeking unspecified penalties tied to its restatement. Shares of NetEase, a leading performer on the Nasdaq Composite Index over the past 18 months, tumbled as much as 12 percent after it disclosed the possible SEC lawsuit. The firm sought to draw a line between its current management and former executives at the company when it listed American depository shares on NASDAQ in 2000.

Mobile / Wireless

- **China Mobile Ltd. posted 9.1% growth in net profit in 2003, mainly helped by a full-year contribution from networks it bought the previous year.** However, bigger-than-expected network expansion costs pushed China Mobile's capital expenditure over budget last year for the first time since the company's 1997 listing. The company would increase 2004 spending by 18% from its earlier budget. The listed unit of China's largest mobile operator booked a net profit of 35.6 billion yuan (US\$4.3 billion) for the 12 months ended Dec. 31, compared with 32.6 billion yuan (US\$3.9 billion) a year earlier. Revenue climbed 23% to 158.60 billion yuan (US\$19.1 billion) as subscriber numbers for its global system for mobile communications, or GSM, service rose 20% to 141.6 million.

Semiconductors

- **China stock offerings have lost their allure with Semiconductor Manufacturing International Corp (SMIC) stock falling 8 percent** on its trading debut in Hong Kong, suggesting that indiscriminate demand could be a thing of the past. The Shanghai-based chipmaker is the first main-board company in five months to fall below its offer price, marking a sharp contrast to the near certain first-day price gains of 25 percent seen in recent months. SMIC's lackluster showing followed the failure of high-profile spin-off Tom Online to match its offer price in its Growth Enterprise Market debut last week.

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



Week of 14 March - 20 March 2004

Software

- **Oracle Corp. is close to agreements with 100 computer makers in Asia to bundle its financial management software with their hardware offerings.** The software maker which is seeking growth for its line of business software applications from small-business customers already has such a deal with China's biggest PC maker, Legend Group Limited.

Hong Kong

Media, Entertainment and Gaming

- **Hong Kong Cable Television had bid close to HK\$800 million (US\$102.6 million) to secure exclusive Hong Kong broadcast rights for the next three seasons of English Premier League (EPL) football.** Hong Kong's No 1 pay-television operator beat PCCW's NOW Broadband TV and ESPN Star Sports to the rights, seen as a key driver of subscriptions, but has bid almost four times i-Cable Communications' estimated earnings for last year. According to sources, ESPN Star offered to pay Sportfive, the EPL's official television rights partner, more than HK\$450 million (US\$57.7 million) for the rights.

Mobile / Wireless

- **Hutchison Whampoa Ltd. reported its advanced cell phone service is finally taking off, grabbing 400,000 subscribers world-wide since January** after missing sales goals in 2003. The company reported net profit was 14.4 billion Hong Kong dollars (US\$1.9 billion) in 2003, marginally higher than the HK\$14.4 billion (US\$1.9 billion) it reported for 2002. Executives took numerous financial steps, including recording previously deferred profits from asset sales, to offset the 3G loss.

Telecommunications

- **Lehman Brothers Holdings had raised its stake in PCCW to 7.8 percent** from 3.1 percent, according to a filing posted on the Hong Kong stock exchange website. Lehman Brothers paid an average price of HK\$5.6 (US\$0.72) on March 8 for 253 million shares of Hong Kong's largest telephone company. It did not say from whom Lehman Brothers bought the shares.

United States / Canada

Hardware

- **Hewlett-Packard Co. said it may launch Linux-based PCs in Asia, in a potential blow to dominant operating system provider Microsoft Corp.** A launch would make HP the first major PC maker to offer PCs that run on the competing Linux operating system. The spokesman said details of the plan, such as target countries and launch date, had not been decided. Shipments of Linux-based PCs could reach one million units in the first year. The PCs would probably be US\$180-US\$360 cheaper than Windows-based PCs.

Information Technology

- **Despite expanded use of antivirus software, a rising tide of increasingly malicious computer viruses are causing more damage to corporate networks,** according to an annual survey by ICSA Labs, the company that certifies antivirus products. The survey, which is scheduled for release on

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



Week of 14 March - 20 March 2004

Monday, polled 300 computer-security professionals representing medium and large companies and government agencies. It showed a 15% rise in virus "disasters" in 2003 even though the virus infection rate was only slight higher. Those findings came in the context of a 78% jump in the overall volume of viruses that corporations had to contend with in 2003. ICSA said companies spent an average of US\$100,000 recovering from each virus "disaster" they experienced in 2003, up 23% from about US\$81,000 in 2002.

- **Global satellite operator SES Global SA was interested in expanding a partnership with EchoStar Communications Corp. that would give the satellite broadcaster much-needed satellite capacity in coming years.** SES was responding to a report that it had already begun talks with EchoStar to expand the broadcaster's business outside the United States. Citing industry officials, Echostar was discussing a possible pact with SES that would include joint ventures on a number of future satellites and, later, an Internet-via-satellite project in Latin America. EchoStar, which operates Dish Network, the No. 2 U.S. satellite television service provider, signed a distribution agreement with Viacom Inc. last week after a standoff in which Viacom removed 16 CBS local stations and cable networks like MTV and Nickelodeon from the EchoStar system for two days.

Internet

- **CNET Networks Inc. has acquired tech thinker Esther Dyson's EDventure Holdings for an undisclosed amount of cash and stock.** EDventure publishes the Release 1.0 technology newsletter and holds executive conferences. Ms. Dyson, who served as founding chairman of Net-regulatory body Internet Corp. for Assigned Names & Numbers (Icann), will become editor-at-large of CNET's Business Technology division. CNET reported the acquisition advances its growth strategy.
- **The number of Americans with Internet access had topped 200 million, or nearly three-fourths of the US population older than two.** Nielsen/NetRatings, said its survey from February showed 204.3 million people or 74.9 percent of the over-two population of 272.8 million. That was up nine percentage points from the same period a year ago. The survey, which measured access as opposed to usage, found that women represent a higher proportion of web surfers, with 82 percent or 34.6 million women between the ages of 35 and 54 accessing the Internet at home. Some 80 percent of men in this age, or 32.4 million, had web access. Seventy-seven percent of females in the 25-to-34 age group are web surfers, while 75.6 percent of males in this age bracket have Internet access.
- **AOL plans to unveil a new service called AOL Bill Pay that lets its subscribers pay nearly all their bills directly through its proprietary e-mail service.** The company struck a partnership with Yodlee, a technology company that helps aggregate bills from vendors as diverse as Verizon to American Express, to provide the guts of the service. But what it hopes will lure subscribers are the safety features built into its mailbox, where reminders and links to bills will be sent.
- **Google Inc. launched a new search tool that lets users find results in their neighborhoods.** Last week, Yahoo! Inc. released a similar offering called SmartView and six months ago began letting users search directory listings through the main search bar. Meanwhile, earlier this month, Verizon Communications Inc. enhanced its SuperPages.com site and InterActiveCorp's Citysearch has been beefing up its local listings. The companies are betting their new offerings will be ideal places for local businesses such as restaurants or hardware stores to advertise online. The local advertising market is still viewed as widely untapped by websites.

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



Week of 14 March - 20 March 2004

Life Sciences

- **Fisher Scientific International Inc. plans to acquire Apogent Technologies Inc. in a deal worth US\$3.7 billion to expand in the market for drug research and diagnostic tools.** Apogent shareholders will receive 0.56 share of Fisher's common stock for each share of Apogent common stock. Fisher expects to achieve cost-cuts of about US\$55 million in 2005 and up to US\$100 million on an annualized basis by year-end 2006. The deal will have no effect, excluding one-time charges, on earnings in 2004, and will add 15 cents a share to earnings in 2005. Fisher expects to achieve cost-cuts of about US\$55 million in 2005 and up to \$100 million on an annualized basis by year-end 2006. The deal will have no effect, excluding one-time charges, on earnings in 2004, and will add 15 cents a share to earnings in 2005.

Media, Entertainment and Gaming

- **Liberty Media Corp. plans to spin off its international businesses to shareholders in a bid to simplify the company's structure.** Company executives have said in the past that the market undervalued its international assets, including stakes in UnitedGlobalCom Inc., which operates cable systems in Europe and Latin America; Jupiter Telecommunications, a Japanese cable operator; Liberty Cablevision of Puerto Rico Inc. and Pramer, which owns cable networks in Argentina. The transaction is intended to be tax free to shareholders and will create a new publicly traded company called Liberty Media International Inc.
- **Apple Computer Inc. has sold 50 million songs over the Internet through its iTunes Music Store, which charges 99 cents a song.** Apple, known for its Macintosh computers, sells the iPod, a digital music player, and launched its iTunes music store for Mac users last April. It expanded the service to Windows-based personal computer users in October 2003.

Mobile / Wireless

- **The wireless industry is bracing for the first major cell phone virus attacks.** The viruses, malicious computer programs that could cripple devices and shut down portions of wireless networks, could cost North American wireless carriers as much as US\$2.5 billion in 2006, according to a study commissioned by antivirus-software maker Network Associates Inc. As so-called smart phones -- cellular-connected hand-held computers -- become more powerful, they have become more susceptible to viruses. The operating systems that run such phones have become increasingly more complicated and more open to developers of third-party applications such as games. And the devices are exchanging more and more data with the network, as users send text messages and e-mail, browse the web and download applications. Any exchange of data potentially leaves a smart phone vulnerable to viruses.

Software

- **Oracle Corp.'s in-house attorneys received permission to review confidential documents from competitors and software customers in the antitrust case brought against the company** by the Department of Justice. U.S. District Judge Vaughn Walker dismissed concerns from a group of companies, including Microsoft Corp., PeopleSoft Inc., SAP AG and Lawson Software Inc., to have the documents restricted to only Oracle's outside counsel, Latham & Watkins. They argued the boxes of documents -- more than 20,000 pages from Microsoft, more than one million from PeopleSoft and 3,000 pages from Lawson -- could give Oracle a competitive advantage in the marketplace.

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



Week of 14 March - 20 March 2004

- **Adobe Systems Inc. posted record first-quarter earnings and revenue.** Higher revenue -- fueled by strong demand for its new Adobe Creative Suite graphics and integrated tool software package and its Intelligent Documents business that allows corporations to easily use electronic documents -- prompted the company to raise its fiscal 2004 financial outlook. Net income for the quarter was a record US\$123 million compared with year-ago net income of US\$54.2 million. Revenue was a record US\$423.3 million, up 43 percent from US\$296.9 million a year earlier.

Telecommunications

- **Global Crossing Ltd.'s former officers and directors agreed to pay a combined US\$325 million in cash to a group of investors to settle two class-action lawsuits.** Two lead plaintiffs -- the Public Employee Retirement System of Ohio and the State Teachers Retirement System of Ohio --and a group other shareholders filed two lawsuits against Global Crossing in January 2003, alleging that the company falsely inflated its revenues. Global Crossing collapsed under its US\$12.4 billion debt load in January 2002 after building a 100,000-mile high-speed fiber-optic network just when demand for telecom services dropped sharply.

Europe

Internet

- **Classmates Online Inc. acquired StayFriends GmbH, a German website that helps people reconnect with each other.** The acquisition, its first in Europe, would help it achieve its vision of being a world leader in community-based networking. The terms of the deals weren't disclosed. There are more than 400,000 listings on Stay Friends that help people who attended German schools find former schoolmates, teachers and friends. Closely held Classmates, meanwhile, connects more than 38 million members with friends and acquaintances from school, work and the military. Classmates also launched a subsidiary, Classmates International Inc., with the acquisition. Separately, StayFriends and Classmates International announced a partnership with T-Online, a portal that reaches more than 50% of Germany.

Media, Entertainment and Gaming

- **Vivendi Universal SA and France Telecom SA agreed to merge their cable-television businesses,** a move that counters Liberty Media Corp.'s foray into the French cable market. The announcement by Vivendi's Canal Plus pay-TV unit comes soon after LibertyMedia's UnitedGlobalCom Inc. subsidiary agreed to acquire Noos, France's biggest cable operator, from Suez SA in a deal valued at up to €660 million (US\$820 million). A joint France Telecom-Vivendi operation would have more than 1.6 million customers, leapfrogging Noos, which has 1.1 million. France Telecom Cable currently ranks second with 847,000 clients. The Vivendi-France Telecom deal would be a first step to allowing new shareholders to take control of the combined cable operations.

Software

- **The European Commission will announce the results of its landmark antitrust investigation into Microsoft March 24.** The announcement ruled out an extension of time for those talks, but did not rule out the possibility of a settlement. European Competition Commissioner Mario Monti already has the support from EU governments for a draft ruling finding Microsoft broke antitrust law and requiring it to change the way it sells audiovisual software. The EU also plans to impose a fine of hundreds of millions of euros.

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



Week of 14 March - 20 March 2004

Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 3/19/04)	% Change 1 Week Ago	% Change 1/1/2003	% Change 1/1/ 2004	% Change Last 12 Mth.
Japanese yen	¥/US\$	107.4800	2.6%	-10.5%	-0.3%	12.3%
Hong Kong dollar	HK\$/ US\$	7.7932	0.0%	-0.1%	-0.4%	0.1%
Chinese renmenbi	RMB/ US\$	8.2770	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.6941	0.7%	-2.3%	0.3%	4.2%
South Korean won	KRW/ US\$	1159.1500	1.4%	-2.3%	2.8%	7.9%
New Taiwan dollar	NT\$/ US\$	33.3505	0.2%	-4.0%	1.8%	4.3%
Australian dollar	US\$/A\$	0.7443	1.1%	32.4%	-1.0%	25.1%
New Zealand dollar	US\$/NZ\$	0.6532	1.1%	24.6%	-0.4%	18.3%
Philippine peso	PHP/ US\$	56.4350	-0.2%	5.9%	-1.6%	-3.4%
Euro	US\$/€	1.2262	0.0%	18.3%	-2.7%	15.2%
British pound	US\$/£	1.8295	1.3%	14.8%	2.4%	16.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 3/19/04)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	110.1719	4.71%	110.1406	4.71%	106.2344	4.95%
Japan 30-year	¥	101.0650	2.13%	102.3140	2.07%	104.8380	1.93%
Hong Kong 10-year	HK\$	125.1248	2.71%	124.7304	2.79%	124.3362	2.90%
China (10/2027)	US\$	142.0361	4.57%	142.4894	4.55%	135.6093	4.93%
Singapore 10-year	S\$	93.7500	3.02%	94.9257	2.88%	91.7358	3.28%
South Korea 10-year	US\$	121.3729	3.21%	121.3160	3.25%	120.4994	3.51%
Australia 15-year	A\$	108.1980	5.35%	108.3010	5.34%	106.5510	5.58%
New Zealand (07/2009)	NZ\$	106.5323	5.56%	106.7905	5.51%	105.7910	5.73%
Philippines 20-year	PHP	141.1707	12.64%	141.3356	12.63%	148.6324	11.93%
India 20-year	INR	152.4022	5.68%	151.6967	5.74%	149.4134	5.91%
UK 30-year	£	94.8740	4.57%	95.1807	4.56%	92.1656	4.76%
Germany 30-year	€	112.2630	4.68%	112.3744	4.68%	109.0280	4.89%

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